Nigeria, like most oil producing countries, suffers from a phenomenon called "oil curse." For years, Nigeria has realized billions of dollars from oil revenues, yet the majority of her citizens, particularly the inhabitants of the Niger Delta that produces most of the oil, have not benefited from it. Most of the inhabitants wallow in abject poverty, and the region is underdeveloped—precipitated by prevalent corruption and poor governance. These and other factors are fueling the insurgency that is negatively impacting local and international economy exemplified by loss of billions of dollars to oil disruptions. The Nigerian government, in cooperation with oil companies, the international community, MEND, and other militant groups, should work harmoniously to devise an equitable means of distributing oil windfalls to harness lasting peace and stability in the Niger Delta and the country as a whole.

**Subject Terms**
- Oil/hydrocarbon/resource curse
- Insurgency
- Counterinsurgency
- Poverty
- Underdevelopment
- Ethnicity
- Corruption
- Poor governance
- Instability
Nigeria: Hydrocarbon Curse Fueling Instability in Niger Delta

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Gregory O. Omile

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Mentor and Oral Defense Committee Member: Dr. Adam Cobb
Approved: 
Date 3/15/2010

Mentor and Oral Defense Committee Member: Dr. John Gordon
 Approved: 
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PREFACE

In the past few years, the persistent militant attacks in the Niger Delta region of Nigeria, exacerbated by the government's inability to address the myriad problems of endemic poverty, unemployment, crime, and environmental degradation, has received local and international attention. Analysts and commentators blame the government and the multinational oil corporations for enriching themselves from billions of hydrocarbon [particularly oil] revenues and failing to equitably distribute oil windfall to the majority of poor people.

The Niger Delta region produces the bulk of Nigeria's oil exports, yet the majority of its inhabitants flounder in dismal poverty blamed on economic mismanagement, corruption, and poor governance. Consequently, this frustration and disenchantment have propelled the youths to engage in terrorist activities that have significant negative implications for the country's economic development and global oil stability. My interest in this research is to explore the "hydrocarbon or oil or resource curse phenomenon," which posits that abundant natural resources have failed to lift the majority of Nigerians out of poverty. These terms will be used interchangeably throughout this paper. This thesis answers two key questions: why have billions in oil revenue failed to alleviate poverty; and can the country overcome or reverse the resource curse? My recommendations, such as instituting good governance measures, empowering the disenfranchised, and ending prevalent corruption, will likely bring peace and stability.

I owe a great deal to many people in the preparation and completion of this thesis. First, I would like to express my sincere appreciation to my mentor, Dr. Cobb for encouraging me not to "quit." Second, I am indebted to my FACADs, Dr. Douglas Streusand and Lt. Col Loretta Vandenberg for their positive and negative feedbacks, and for being there 24-7. I am grateful indeed. Finally, I like to extend my gratitude to my wife, Mrs. Ada Omile, for her endurance,
patience, and encouragement to stay the course. To my three children, Obi Gregory Jr, Chidozie Charles, and Chinenyε Valerie, thanks for your indefatigable support; you were a source of my inspiration.
EXECUTIVE SUMMARY

Title: Nigeria: Petroleum Curse Fueling Instability in Niger Delta

Author: Gregory O. Omile, Directorate of the National Intelligence (DNI)

Thesis: The Nigerian government, in cooperation with oil companies, the international community, and the militant groups should work harmoniously to devise an equitable means of distributing oil windfalls to harness lasting peace and stability in the Niger Delta and the country as a whole.

Discussion: Since attaining independence from Britain in 1960, Nigeria has experienced and continues to experience political upheavals, ethnic-based factional conflicts, and political violence. At the center of the problem is how to effectively distribute abundance oil resources, which contributed to the 1967-1970 civil war. Nigeria, like many other petroleum producing countries, suffers from a phenomenon known as hydrocarbon or oil curse. Oil curse posits that countries with oil abundance experience poor economic growth and development than non-oil producing countries due to several factors. Such factors include global decline in oil, poor economic policies, and poor governance. Since the 1970s, oil has accounted for 80 percent of Nigeria's revenue and 95 percent of her earnings. Nigeria earns nearly $50 billion from oil and gas a year, yet majority of her citizens, particularly the inhabitants in the oil producing region of Niger Delta, remains poor, characterized by corruption and mismanagement. Nigeria is ranked among the poorest countries in the world, according to the United Nation's Human Development Index. Many analysts perceive Nigeria's corruption as pervasive and recognize it as a detriment to economic growth and poverty reduction. According to the 2009 Corruption Perceptions Index by the Transparency International, Nigeria is currently ranked 130th out of 180 countries.

The failure of successive Nigerian leaders, as well as oil companies, to address the problems of unequal distribution of oil windfalls, economic marginalization, institutional corruption, and environmental degradation has impelled the emergence of the Movement for the Emancipation of Niger Delta (MEND) militant group. The MEND engages in terrorist activities such as kidnapping oil and non-oil workers for money, inciting violence and instability, and sabotaging oil installations. MEND's oil disruptions have had negative impacts in the global oil market. An ongoing government-negotiated amnesty to MEND has ended because the government has not fulfilled its obligations, exacerbated by the protracted absence of President Umaru Yar'adua whose is ill. Despite the selection of the Vice President Goodluck Jonathan, a Niger Deltan, as the Acting President, the insurgency has continued.

Conclusion: In order to end the insurgency and bring a sustainable peace in the Niger Delta and Nigeria as a whole, the federal government in collaboration with all the stakeholders, should formulate effective economic policies aimed at distributing oil wealth equitably and ending poverty. Conversely, the militants must renounce violence and engage in political dialogue.
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PART ONE
INTRODUCTION

Most of Nigeria's oil exports--the mainstay of the country's economy--originate from the Niger Delta region (See Figure 2, map of Nigeria Delta states). Nigeria is the largest oil producer in Sub-Saharan Africa with revenue of about $2.3 billion a month from exports. The oil sector accounts for over 45 percent of the country's Gross Domestic Product (GDP), 95 percent of the country's export earnings, and about 85 percent of the government revenue. According to the World Bank 2010 World Development Report, Nigeria's per capita income is $2,748, compared to Ghana and Cameroon, with $10,748 and $10,758 respectively.

In the past several years, the crisis in the Niger Delta over unequal distribution of oil revenues has manifested into an insurgency by different groups of militants, particularly the Movement for the Emancipation of the Niger Delta (MEND). MEND terrorist activities include sabotaging oil installations and kidnapping of oil and non workers for extortion.

After several years of failed military and political solutions to address the Niger Delta crisis, the government appears to be adapting a strategy. In 2009, the federal government initiated an amnesty and disarmament program for MEND and other militant groups, which temporarily halted militant attacks, increased, and stabilized oil production. However, in January 2010, the MEND ended the unilateral cease-fire and blamed the government for not implementing the program. Amid President Umaru Yar'adua's long absence outside the country due to illness, MEND has vowed to renew its attacks.

Despite realizing large oil windfalls, the majority of Nigerians, especially the Niger Delta inhabitants, suffer endemic poverty attributed to prevalent corruption. Analysts and experts characterize the problem of oil abundance as a "resource curse phenomenon" or the "paradox of
plenty. This phenomenon posits that billions of dollars of oil revenues have failed to contribute to economic growth and development, as well as alleviate endemic poverty. Analysts characterize the causes of oil curse as poor governance, poor economic policies, weak institutions, maladministration, mismanagement, and endemic corruption. According to a recently released Corruption Perceptions Index by Transparency International, Nigeria is currently ranked 130th out of 180 countries as a measure of perceived public sector corruption.

Against this backdrop, and given the burgeoning crisis in the region, this paper seeks to investigate the underlying causes of the resource curse, and answer these two pertinent questions: why is Nigeria, endowed with abundance natural resources, unable to alleviate poverty; and can the country overcome or reverse the resource curse? The paper contends that Nigeria governments (federal, state, and local), the multinational oil companies, and the international community can reverse the oil curse and bring peace to the country, if they can devise sustainable, economic policies. This thesis begins with militocracy and the Nigerian political economy.

**Militocracy and the Nigerian Political Economy**

Nigeria, with over 140 million people is comprised of 478 languages, and over 250 different ethnic groups, divided evenly between Christians and Muslims. The largest ethnic groups are the Hausa-Fulani in the North, the Ibo in the Southeast, and the Yoruba in the Southwest. Nigeria attained independence from Britain on October 1, 1960. Unfortunately, Nigeria's post-independence democratic experience was short-lived due to distinct, but related factors. First, according to William Graf:

The governing structure established at independence and the 1963 Republican constitution failed to consider Nigeria's socio-historical experience...The ensuing ethnic
and regional politics were the two most critical factors that affected the survival of the liberal-democratic institutions in Nigeria.  

Second and related to the first factor, the amalgamation of northern and southern Nigeria by Britain in 1914, failed to take into account the ethnic and regional differences. In fact, to date, factional and ethnic conflicts continue to plague Nigeria. Finally, endemic corruption featured prominently in the demise of the First Republic and thereafter continues to reign as my analysis will demonstrate.

The Nigerian military has long played an integral role in the conduct of Nigerian politics, and has been at the center of a series of coups and counter coups between 1966 and 1998. In fact, the military has been in power all, but nine years of civilian government. On January 15, 1966, the first military coup d'état brought down the First Republic, which resulted in the deaths of the prime minister, the northern premier, and many others. The Ibo junior officers who organized the coup blamed corruption and authoritarianism.

In June 1966, disgruntled youths, with the help of the military, attacked Ibo residents in some parts of northern Nigeria, and accused General Aguiyi-Ironsi, an Ibo appointed military Head of State and Commander-in-Chief of the Army of usurpation. The violence resulted in the deaths of hundreds of Ibo Christians and non-Ibos as well as loss of property.

In July 1966, a group of northerner military officers who felt that the government has not brought the coup plotters to justice conducted a countercoup. The countercoup led to the death of Aguiyi-Ironsi and the purging of Ibos from government and military ranks. General Yakubu Gowon, a northern became the new head of the military government. In 1967, Lt. Colonel Odumegwu Ojukwu, an Ibo Christian proclaimed the independence of Biafra and a civil
war ensued. In January 1970, Ojukwu surrendered, and the war ended, with over a million people dead, according to different accounts.

Following another abortive coup attempt at installing a democratically elected government of Alhaji Shehu Ahagar, a northern Christian on 17 November 1993, General Sani Abacha, a northern Christian overthrew an interim government. Abacha was one the most corrupt Nigerian leaders. Most importantly, it was during his regime that Ken Saro-Wiwa and other Ogoni environmentalists fighting oil exploration neglect and marginalization in the Niger Delta occurred. Abacha's sudden death in 1998 led to the eventual election of Olusegun Obasanjo, a southern Christian in May 1999. He was re-elected in April 2003.

In 2007, Nigeria experienced "the first civilian to-civilian transfer of power" following the election of Umaru Musa Yar'adua as the President. Since then, the country's nascent democracy appears to be backsliding to authoritarianism. On February 9, 2010, the Nigerian National Assembly named Vice President Goodluck Jonathan acting president to end the leadership vacuum and government paralysis that President Yar'Adua's protracted absence has caused. Although military coup has not occurred in Nigeria since 1998, rising popular discontent over the political impasse and the persistent criaia in Jos, could reverse this trend.

Oil Economy

As already mentioned, petroleum is the engine that propels Nigerian and its economy (See figure 2, textbox on Shell's background). It accounts for 95 percent of the country's exports and 85 percent of the government revenue. According to the United States Energy Information Administration:

Nigeria is one of the world largest producers of crude oil, the fifth largest exporting country among Organization of Petroleum Exporting Countries (OPEC), Sub-Saharan Africa's largest oil producer, and the fifth-largest supplier of crude oil to the United
States. Nigeria's Liquefied Natural Gas (LNG) is Africa's biggest engineering project "with about 190 trillion cubic feet of gas [equivalent to 3 billion barrels of oil]."  

**Background on Shell Petroleum Development Company of Nigeria (SPDC) Ltd**

"SPDC, Nigeria's oldest energy company, discovered oil in Oloibiri, the present day Bayelsa State, Niger Delta in 1956, and began commercial export in 1958. SPDC operates Nigeria's largest Liquefied Natural Gas (LNG) plant, and manages Nigeria's largest private oil and gas production joint ventures on behalf of the Nigerian National Petroleum Corporation (NNPC). NNPC receives 60 percent while SPDC receives 40 percent of the oil revenues divided among Shell, Agip, and Total. In 2008, Shell-operated ventures produced an average of more than 850,000 bpd—about forty percent of the country's total oil and gas production. SPDC and related companies employ over 6,000 direct employees and contractors, of which 90 percent are Nigerians. SPDC also supports other community development projects." According to SPDC estimates, oil companies produce between 2 million and 2.5 million of oil a day, placing Nigeria as one of the world's top ten oil producers.

Figure 1: Shell's Background: [http://www.shell.com/home/content/nga/aboutshell/at_a_glance](http://www.shell.com/home/content/nga/aboutshell/at_a_glance) (accessed 6 Feb 2010).

Before the oil boom of the 1970s, agricultural produce and trading activities were the bulwark of the economy, but the overdependence on oil relegated agriculture to the background. Agriculture also employed over two-thirds of the country's population and accounts for a third of the GDP. However, according to the Nigerian Bureau of Statistics, agriculture contributed 45 percent to the GDP in the 3rd quarter of 2009. This suggests that agriculture still plays important role in the economy.

The oil boom of the 1970s and the early 1980s brought large windfalls that inevitably led to less government priority on the agricultural sector. According to Sayre Shatz, at its peak in the 1970s and 1980s, oil production exceeded 2 million barrels of per day (bpd). Nigerian petroleum production doubled, and export began a sharp and steady rise following the international oil crisis of 1973. The boom from oil revenues increased the country's GDP
fourfold from 1973 to 1980. Government revenue also mushroomed six times during the same period. Per capita incomes rose from $100 in 1971 to nearly $900 by 1981.

Large oil revenues—culminated in governments' involvement in large programs and projects—such as transportation, communication, housing, telecommunications, utilities, education, and steel. Steel is the biggest disappointment in all the Nigerian projects. The government has spent billions of dollars of oil revenue since the project was started more than two decades ago, but it has not produced an ounce of steel partly due to mismanagement and corruption.

**Corruption in the Oil Sector**

Nigeria's oil bonanza has contributed to mismanagement and inefficiency resulting to loss of billions of dollars in revenues due to widespread corruption. According to Nuhu Ribadu, former head of the Nigerian Economic and Financial Crime Commission (EFCC), a law enforcement agency established in 2003 to fight corruption, Nigerian politicians and military leaders have expropriated between $380 and $400 billion of oil revenues since the 1970s. Ribadu said that former Nigerian military leader Sani Abacha and his cronies embezzled between "$5-6 billion of oil revenue during his regime, and invested most of it in the west." The Library of Congress also quoted the World Bank as saying that "as a result of corruption, 80 percent of energy revenues benefit only one percent of the population."

Conversely, the EFCC is not impervious from corruption. According to the International Crisis Group (ICG), the EFCC has been "used as a political weapon to whip political foes, especially state governors likely to stand for the presidency and their supporters, into line." The EFCC also decides whom to prosecute, making analysts to suggest double standards. For instance, several months since the Lagos State Governor Babatunde Fashola was implicated in
corruption and misappropriation of millions of funds, yet the EFCC has not initiated any investigation—suggesting perhaps some ulterior motives.\textsuperscript{50}

One aspect of petroleum corruption worth mentioning here is oil bunkering, i.e., illegally stealing oil from unauthorized pipeline. Illegal bunkering "costs Nigerian billions of dollars in lost revenues, results in thousands of deaths, causes negative environmental impacts, and funds politicians' campaigns."\textsuperscript{51} According to \textit{Reuters}, "industry experts estimate that between 50,000 to 100,000 barrels of oil per day (bpd) leaves the country, with alleged help from senior government officials in the local oil industry, government, and military."\textsuperscript{52} \textit{Legaloil.com}, a respected oil analyst group, reported that Nigeria loses between 70,000 to 300,000 barrels of oil to illegal bunkering a year, with an estimated $5-7 billion in lost revenues.\textsuperscript{53} \textit{This Day}, a reliable Nigerian daily, reported in 2007 that the Nigerian National Petroleum Corporation (NNPC) estimated that the country loses $14 billion due to bunkering yearly.\textsuperscript{54}

According to a UK-based Anti-Corruption Resource Center (ACRI), sources of petroleum sector corruption are "awarding upstream licenses, bottlenecks and inefficiency, bunkering, exporting crude and importing refined products."\textsuperscript{55} ACRI suggested five approaches to curb corruption in the oil sector: "an effective legal and regulatory framework, open and competitive award procedures, accountability and transparency, investigation and prosecution of corruption, and oversight measures."\textsuperscript{56}

\textbf{Corruption in Non-Oil Sector}

Transparency International's Corruption Perception Index (TI) Report published over the years has consistently recognized Nigeria as one of the most corrupt countries in the world. TI's latest corruption index places Nigeria 130th out of 180 countries, worse than her 120th ranking in 2008.\textsuperscript{57} Jibril Ibrahim, Director, Center for Democracy and Development in Nigeria, asserted
that "corruption is a worm that has eaten deep into the fabric of the Nigerian society, not sparing any sector." Ibrahim explained:

Because corruption is so pervasive, it is the major deterrent to the proper functioning of all public and private institutions in the country and a major source of economic distortion in how resources are used and in incentives for individual initiative...It has also known to have undermined economic growth and development as well contributed to inefficiency, civil unrest, and instability. 59

According to Okechukwu Oko, there are three reasons why corruption is cancerous in Nigeria.

First, leaders lack the desire and ability to change the moral tone of the country because of the benefits they derive from it, second, government domination of the economic sphere significantly enhances opportunities and ability to seek rent; and third, civil society accepts or tolerates corruption. 60

According to Guseh and Oritsejiofor, "Corruption and mismanagement have contributed to the underperformance of the economy." 61 Guseh and Orisejiofor added:

Official corruption possesses such corrosive potential that, if unchecked, it ultimately will destroy Nigeria. Corruption retards economic growth, distortions economic and political programs, undermines efforts to create viable economic and political institutions, devalues the quality of life, discourages foreign investment, and undermines the prospects of a durable social order in Nigeria. 62

Furthermore, Coventry Cathedral, a UK-based NGO, sheds more light on the impact of corruption:

Corruption with the government, NGOs, and oil companies, prevents delivery of approved funds for infrastructure and community development from reaching their target groups. Consequently, it breeds poverty, societal inequality, and unequal wealth or resource distribution that fuels conflict. Endemic corruption in society gives room for effective manipulation where individuals can easily orchestrate violence and communal conflict. 63

In the next section, I will examine the extant body of work on resource curse or paradox of plenty. I will highlight relevant works on hydrocarbon pertaining to Nigeria with hopes of providing the reader an insight of the curse of insurgency in the Niger Delta region.
PART TWO
RESOURCE CURSE LITERATURE

Prior to the 1980s, economists and developmentalists suggested that countries producing an abundance of natural resources potentially have the financial power to transform, develop, and improve their economies. According to Andrew Rosser (2006), in the 1950s, "mainstream economists have argued that countries with sizable and diversified natural resources are better positioned to embark upon a rapid economic growth than non-natural resources producing countries." Rosser also said that leading developmentalist Walt Rostow has argued that plenty of natural resources would help the developing countries to develop, industrialize, and transform the economy thereby contributing to poverty alleviation.

From the 1980s to date, a growing number of scholars, economists, and politicians have suggested that abundance of oil wealth thwarts or retards economic development. This is an economic phenomenon called resource curse. According to Rosser, "Wheeler (1988) found that within Sub-Saharan Africa, countries that were naturally endowed grew more slowly than those that were not." Rosser also said that "Gelb and Associates (1988) discovered that mineral economies experience a more deterioration in the efficiency of domestic capital formation during the oil boom period of 1971-1983, which led to negative growth."

Auty (1993) asserted that "mineral exporters tend to suffer from a cluster of economic and political ailments." Auty also contended that the resource curse is not "a deterministic law, but merely a strong tendency exemplified by the success of Malaysia and Indonesia." Sacks and Warner (1995) claimed that "natural resources contribute to slow growth." Terry Karl's 1997 book, The Paradox of Plenty elucidated the socio-economic-political effect of natural resources. Describing the resource curse as "inverse relationship between high natural resource
dependence and economic growth," Terry argued that "dependence on natural resources leads to "disproportionate fiscal reliance on petrodollars." He contended that Nigeria, like many other oil producing countries suffer from "Dutch Disease." Dutch Disease is an economic phenomenon that was first applied to the Netherlands for failing to effectively and efficiently maximize large amount of natural gas it discovered in the 1950s and 1960s. According to Terry, "persistent Dutch Disease "provokes a rapid, even distorted, growth of services, transportation, and other nontradeables while simultaneously discouraging industrialization and agriculture—a dynamic policymakers seem incapable of counteracting."

Similarly, Kalicki and Goldwin (2005) argued that the discovery of oil in Nigeria devastated its traditional agricultural export sector, which negatively affected diversity, employment, and even political instability. Kalicki and Goldwyn also attributed the natural resources problems to "volatility and asymmetry, expansion of the public sector, inefficient investment, excessive credit expansion, weak institutional capacity, diminished accountability, political sensitivity, revenue sharing, and corruption." According to Rosser (2006) Leite and Weidmann (1999) and Gylfason et al. (1999) suggested that "natural resource abundance was negatively correlated with economic growth and tends to worsen corruption." Collier and Hoeffler (2001) maintained that there is a "link between resource abundance and an increased risk of civil conflict," adding that "abundance natural resources also have a negative impact on governance and stability." According to a 2004 World Bank study of the Middle East and North Africa, "riches from hydrocarbons have undermined the emergence of institutions of good governance."

Ross (2001a, 2004) argued that oil has "antidemocratic effect once given other factors," and that "natural resources and non-fuel mineral wealth contribute to greater inequality and
poverty." According to Ross, "mineral wealth can hurt the poor by causing economic volatility; crowding out the manufacturing and agriculture sectors; heightening inequality; inducing violent conflict; and thereby undermining democracy." Weiner (2007) asserted that countries that receive large windfalls from natural resources are "prone to repressive governments, civil wars, and slower growth." He claimed that "resource curse results from a failure to enforce property rights, affirmed in international law, but violated when dictator and civil warriors sell off a territory's resources." 

Finally, in 2008, the US Senate Foreign Relations Committee released a Report entitled, "The Petroleum and Poverty Paradox." The Report described resource curse phenomenon as having "having negative effect on a country's economic growth, increasing corruption, and heightening instability." The Report recommended that promoting "extractive industry transparency, increasing and monitoring US bilateral assistance, encouraging China, India, and Russia to support transparency efforts, improving management of oil revenue and encouraging the IMF and the World Bank" to proactively assesses the country's performance. They argued that overcoming the impacts of the resource curse would promote US policy of poverty alleviation, good governance, and energy security.

The next section presents background on the Niger Delta region, the center of the crisis. The section will highlight key groups and the importance of the region to the Nigerian economy.
PART THREE
NIGER DELTA REGION

Overview

The Niger Delta comprises of nine states—Abia, Akwa Ibom, Bayelsa, Cross River, Delta, Edo, Imo, Ondo, and Rivers (See Figure 2, Map of Delta States). The nine states cover about 12 percent of Nigeria's land mass and the world's third largest wetland. It is home to 31 million inhabitants, with 41 ethnic groups. The Ijaws are the Niger Delta's largest ethnic group and the fourth largest in Nigeria. Since the discovery of oil in Oloibiri, the present day Bayelsa State in 1956, the Niger Delta region has been Nigeria's main source of foreign exchange and export earnings, according to the World Bank.

Since the 1970s, oil from the Niger Delta has accounted for 80 percent of the Nigerian government's revenue and 95 percent of the country's export earnings. In fact, almost all the oil and gas emanate from the Niger Delta. Oil and Gas Journal online estimated that Nigerian has 36 billion barrels of oil reserves in 2009, while the country's gas reserves are estimated at about...
187 trillion cubic feet. The US Energy Information agency estimates that Nigeria's oil production capacity is about 2.8 million bpd.

Despite billions of revenues accruing from oil wealth, most Nigerians, and particularly the Niger Deltans, are extremely poor. According to Johnson Falade, Nigeria's UN Habitat Director, an arm of the UN's that promotes quality of housing and urban planning, poverty rate in Nigeria has increased from 46 percent in 1996 to 76 percent in 2009. The World Bank's 2008 report showed that 70 percent of the population lives in poverty, with more than 54 percent living below the poverty line [that is less than one US dollar a day]. The 2008 Human Development Index (HDI)—a measure of human development achievement, longevity, and good standards of living measured by GDP—placed Nigeria among the 25 poorest countries (158 out of 177 countries). Life expectancy is 46 years and 194 infants die for every 1,000 births.

According to the UNDP, citing a World Bank Report, poverty increased in the Niger Delta region between 1980 and 2006. The UNDP said: "contrasted with the wealth that oil has generated, Niger Delta has become one of the starkest and most disturbing examples of resource curse." The UNDP added that most of the citizens suffer from "administrative neglect, crumbling social infrastructure and services, high unemployment, social deprivation, abject poverty, lack of access to clean water or health care, filth and squalor, and endemic conflict." The World Bank characterized the Niger Delta problems as "social, political, and economic exclusion, poor governance, weak infrastructure, environmental degradation, escalating vicious cycle of violence, and landownership," according to the UNDP.

Among the most discussed group in the Niger Delta are the Ogoni people, an ethnic minority whose members have received international attention for their efforts to highlight the
extensive environmental damage that oil extraction has caused in the region (See Figure 3, textbox on Ogoni conflict).

### The Ogoni Conflict

The Ogoni, an ethnic group of about 500,000 located east of Port Harcourt, have influenced the conflict in the Niger Delta. After 30 years of oil exploration in Ogoniland, the Ogoni began protesting neglect and environmental destruction, forming the Movement for the Survival of the Ogoni People (MOSOP) in 1990. Under the leadership of Ogoni activist Ken Saro-Wiwa, MOSOP organized several demonstrations against the government and (SPDC), and on 4 January 1993 mobilized 300,000 Ogoni—the largest demonstration against an oil company in the world. As protests and government crackdowns intensified, violence increased and culminated in the trial and execution of Saro-Wiwa and eight other MOSOP activists in 1995—a decision the international community perceived as unjust. The Ogoni conflict continues to inspire Niger Deltans and Saro-Wiwa, credited for bringing international attention to the Niger Delta crisis. Indeed, the plight of Ogoni people, has contributed to the insurgency.

One aspect of oil extraction that causes health and environmental pollution, apart from oil spill, is gas flaring—which burn unwanted natural gas when drilling for oil. The problem continues to receive local and international attention because of its negative environmental, health, and economic impacts.

According to a January 13 BBC News report, citing Shell and NNPC, "Nigeria flares about 40 percent of gas produced and accounts for 13 percent of the world's gas flaring. Gas flares spread toxic smoke and chemicals and blight communities who live near the onshore wells. Gas flaring also wastes billions of dollars in useful gas." According to a 2004 Friends of the Earth Report, "flaring costs Nigeria about $2.5 billion annually."

Indeed, political and economic grievances have long triggered inter-ethnic and community clashes in the Niger Delta region, including the 1967-70 civil war mentioned earlier. The region has also produced numerous militant groups that engage in all kinds of criminal and
terrorist activities. The Movement for the Emancipation of Niger Delta (MEND) is the main armed group, and the focus of our discussion.

PART FOUR
ANALYSIS: EMERENCE OF THE MEND

Background

According to Consultancy Africa Intelligence, a non-partisan political, social, and financial research organization, focused on Africa, "the history of the struggles for self-determination, local autonomy, and democracy of ethnic minorities lies at root of the insurgency" in the Niger Delta. Similarly, the International Crisis Group links the insurgency by the numerous groups in the Niger Delta to widespread poverty, environmental degradation, underdevelopment, inequality, and government's failure to establish credible state and local government institutions precipitated by endemic corruption. Thus, years of neglect, political alienation, and marginalization amid billions of oil windfall from the region is fueling the insurgency.

MEND emerged in late 2005 reportedly to protest the arrest of Dokubo-Asari, the Ijaw Youth Council's (IYC) leader and the founder of Niger Delta People's Volunteer Force (NDPVF) militant group. MEND's current leader is Henry Okah, pictured on the right. The government released Okah from jail on July 13, 2009 where he was charged for treason, gun-running, and terrorism—crimes that constitute a death penalty—as part of the government amnesty program. MEND is the main militant group among the more than a dozen in the Niger Delta region. According to Jane's Information Group, a defense and security expert, MEND portrays itself as a defender of the rights of Niger
Delta people against the predatory and corrupt Nigeria government and multinational oil companies.\textsuperscript{112}

\textbf{Aims and Objectives}

According to the Jamestown Foundation, an independent, non-partisan research group, MEND mission is "to wage armed insurrection to regain birthrights of our stolen heritage."\textsuperscript{113}

In its first public statement in 2006, MEND's stated goals were that:

- The Ijaw people should control their own resources; Shell should pay $1.6 billion to compensate for oil pollution; that impeached Bayelsa Governor Diepreye Alamieyeseigha, awaiting trial for corruption and money laundering, and Asari-Dokubo, standing trial for treason, be released.\textsuperscript{114}

As the analysis below indicates, MEND has strategically, operationally, and tactically changed beyond its initial stated goals and mission, and its claims of "redressing socioeconomic injustices" and ensuring that Niger Deltans benefit from oil windfall from the region, is quite the contrary as its operations below indicate.\textsuperscript{115}

\begin{figure}[h]
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\end{figure}
Operational Activities

MEND's first international criminal activity following its emergence in 2005, occurred on January 11, 2006, when it took responsibility for kidnapping four foreign oil employees.\(^\text{116}\) On the same day, MEND claimed responsibility for attacking an oil facility in Bayelsa State, which affected over 100,000 barrels of oil, according to a UK-based Aegis Research, a private security, risk management company.\(^\text{117}\) MEND activities have included vandalizing and sabotaging oil facilities, oil bunkering, and kidnapping of local and foreign oil workers for extortion.\(^\text{118}\)

According to a 2007 BBC report, "although the group regularly attacks oil installations, their predominant tactic remains kidnapping of foreign workers who are generally released unhurt following negotiations."\(^\text{119}\) MEND have also kidnapped soldiers, which prompted a clash between the military and MEND in 2009.\(^\text{120}\)

MEND has capitalized on the availability of small weapons such AK-47 assault rifles, rocket-propelled grenade launchers, and machine guns to carry out their activities. MEND and its partners posses over 100 boats, thousands of Small Arms Light weapons, and between 500 and 2,500 insurgents.\(^\text{121}\) The number of insurgents providing tacit support—from conducting intelligence collection and sustaining information operations—is over a thousand. MEND operates in all areas of the mangrove as well as waterways from Warri to Calabar and the urban centers of Warri, Port Harcourt, Yenagoa and Calabar.\(^\text{122}\)

MEND is media savvy. It uses a variety of means of communication such as the Internet and emails to disseminate its messages to local and international audience about the Niger Delta plight. According to Lionberger, MEND and other militants use the Internet to issue statements directly to the local and international media; and target the government, the population, military units, oil companies, and international organizations.\(^\text{123}\) For example, following a March 15,
2010, MEND bomb attack in Warri, Niger Delta during post-amnesty conference, MEND issued a public statement via the Internet saying: "We successfully breached security at the Delta State House, and planted three explosive devises...There is no better way to announce our presence in the Niger Delta...We can no longer tolerate the deceit of endless dialogue."\(^{124}\)\(^{125}\) This attack appears to be in response to a recent comment that the Delta State Governor made, stating that "MEND is a media creation."\(^{126}\) MEND also sends email to different media outlets showing pictures of hostages to shore up wider audience.

**Organizational Structure**

Although initially considered a ragtag, "loosely organized insurgent" group, MEND appears to have slowly become a well "organized, security-conscious, strategically-minded, well armed, profoundly aware of the potential of the maritime domain for projecting power, technologically advanced, and with genuine popular support."\(^{127}\)\(^{128}\)

MEND is "structurally decentralized and works as a loose organization with other militant groups."\(^{129}\) Currently, MEND's recognized leader is Henry Okah. Its leadership is "hierarchical" and changes periodically due to "infighting and personality cult." MEND has different leaders across the Niger Delta region and occasionally, these leaders jockey for position.\(^{130}\) MEND's lack of command structure could be an affront to enhance individual leadership operations. According to Elias Courson of the Nordic Africa Institute, MEND's "decision not to have a single command structure is to make the movement elusive, but effective in guerilla warfare."\(^{131}\)

**Operational Sources and Funding**

MEND's weapons such AK-47 assault rifles, rocket-propelled grenade launchers, and machine guns, come from a variety of sources including the military, illegal arm dealers, and
sellers from neighboring countries such as Liberia, Chad, Niger, Sierra Leone, Cameroun, and Nigeria. According to AEGIS, MEND receives a strong backing from some oil companies that pay the militants under the guise of community groups to keep them at bay. AEGIS also said that provincial security services in the Delta region—police, intelligence, politicians, or gubernatorial—are closely linked to the MEND.

According to Brian Lionberger, quoting Jane Information Group, "community development assistance can also end up in the hands of militants, sometimes allegedly with the corroboration of corrupt oil industry middle managers and Nigerian officials." Lionberger also quoted the same source as saying that Niger Delta Diaspora in Britain and the United States provide funding to the militants. According to United Nations Office of Drugs and Crime (UNODC), oil bunkering is the main source of funding for MEND's weapon purchase.

Another source of support for MEND is from local and national political godfathers. For example, political godfathers in the ruling Peoples Democratic Party (PDP) reportedly pay militants to commit criminal acts against their opponents, including assassination, and in return, godfathers protect them from prosecution. According to BBC News, "state government armed the militants to carry out widespread rigging during the 2003 and 2007 elections." BBC News also quoted an unnamed source who stated: "if the president goes after political godfathers, they could destabilize the country, cause a coup, and a civil war...They are that powerful, they could bring the state down." Finally, other sources of weapons are:

Purchases from international and national dealers, sales and rentals by serving and retired security personnel, sales by returning peacekeepers, sales of recycled weapons from decommission exercises, oil-for-arms exchanges in the Delta region, and purchases of locally produced weapons.
Impacts of MEND Activities

MEND activities, including oil installation sabotages, kidnappings, and bunkering have enormous negative impacts on local and international economy, on human lives, the ecosystem, and security. For instance, according to the Technical Committee on Niger Delta, oil production has declined from 2.7 million to about 1.6 million bpd. The Committee also stated:

By March 2008, production from Shell's onshore business had plunged to 300,000, down from nearly one million before the crisis in the region started in 2004. The country lost at least $24 billion to oil theft and sabotage in the first nine months of 2008. About 1,000 people were killed within the same period.

Similarly, Odin Ajumogobia, Minister of State for Petroleum said, Nigeria has the capacity to produce 3.2 million bpd, but due to oil disruptions resulting from attacks and other illegal activities, it can only produce less than half.

Not only does oil disruption reduce government revenues and result to death due partly to pipeline explosion resulting from illegal bunkering, it also creates environmental impacts that pollutes the ecosystems. According to Amnesty International, "pollution and environmental impacts from oil create human rights tragedy in which inhabitants suffer from poor health and loss of their livelihood like fish." 

The crisis in the Niger Delta has also resulted in piracy-related activities, aggravated by the proliferation of small weapons. According to the International Maritime Bureau (IMB), a UN body, "there were 40 reported incidents of piracy in the Niger Delta, including 27 vessels boarded, five hijacking, and 39 crew members kidnapped." Michael Howlett of IMB warned:

Pirate attacks on vessels off the Niger Delta coast are going unreported and could exceed those that take place off the coast of Somalia, adding that although approximately 40 attacks were reported in Nigeria in 2008, the actual figure could be between 150 and 200.
PART FIVE

CONFLICT RESOLUTION EFFORTS

Successive governments have instituted several initiatives, including promulgation of Decrees during military era, use of military force, legislation, and executive orders during the civilian administration, to address the Niger Delta crisis, but they have been ineffective. Recent attempts to use law enforcement agents and the military against the militants have also not succeeded. Indeed, the approach further aggravated the crisis, resulting in killing of innocent citizens and some military personnel. Other failed efforts include negotiations and dialogues between and among the government, oil companies, and the local communities.

Between 1993 and 2006, federal, state, and local governments have commissioned several reports and commissions, passed legislation creating quasi-development agencies, and embarked on numerous projects and programs in the Niger Delta. Each of them seemed to have lacked effective implementation.

Since President Umaru Yar'adua came to office in 2007, there have been renewed efforts to address the problems in the Niger Delta, including the use of military force. In early 2008, there was escalation of direct confrontations between the military's Joint Task Force (JTF) and MEND. The confrontation started when the government raided a home that Farah Dagogo, a commander of a MEND affiliate group was occupying. MEND responded by declaring an "oil war" against foreign-owned companies in the Delta and vowing to destroy pipelines. Shortly thereafter, MEND declared a unilateral ceasefire, but it revoked in on January 30, 2009 following a JTF attack on the home of Ateke Tom, an alleged MEND leader.
In September 2008, the government created the Ministry of the Niger Delta Affairs to address the issue of socio-political-economic development in the region. However, like the previous failed programs and initiatives, lack of funding hindered effective implementation. Also in September, 2008, the government inaugurated the Technical Committee on the Niger Delta to address the Delta crisis. Vice President Jonathan Goodluck, tasked the 45- member panel to "collate and review all past reports dating as far back as the 1958 Willinks' Report, and appraise their recommendations as well as make pertinent proposals to end violence in Niger Delta. The Willinks' Report described the Delta region as "poor, backward, and neglected," and recommended among other things that the federal government should "put development schemes in place."

The Committee called upon the government to "decommission, disarm, and rehabilitate the militants within six months so that they could lay down their weapons and work toward peace." Other recommendations include:

- Increasing revenue allocation from 13 percent to 25 percent and subsequently to 50 percent; leveraging extra funds from other sources; establishing a Disarmament, Decommission, and Reintegration (DDR) Commission that will address the issue of weapons and militancy; setting open trial and unconditional bail for Henry Okah; negotiating amnesty for all Niger Delta militants; ending gas flaring by December 2008; achieving 5,000 megawatts of power for the region by 2010; ensuring significant improvement in education, health, and youth employment.

One of the Committee's recommendations was that the government should grant amnesty to all the militant groups in the Niger Delta. In June 2009, the government implemented the recommendation and granted amnesty to about 20,000 militants belonging to different groups in the Niger Delta. See Appendix for pictures of weapons and caches that some militants turned in the post-amnesty celebration. While several militants and some of their leaders turned in their weapons, many refused, including some factions of MEND.
MEND leader Henry Okah said the government was offering the militants bribes, and added that the group's weapons were their only bargaining power. Okah also said the amnesty has failed to address the group's demands for redistribution of oil wealth, and instead opted for a 60-day truce. However, MEND out-going commander Farah Dagogo and some other field leaders surrendered their weapons before the 15 September deadline. It must be noted that in 2004, the Federal government paid militants $US2, 800 for each weapon surrendered, but that did not end their insurgency. This may be because the government did not articulate and implement the program effectively.

On October 26, 2009, MEND said in a statement that it has declared a ceasefire after the government "expressed its readiness to engage in serious and meaningful dialogue with every group or individual towards achieving a lasting peace in the Niger Delta." During the ceasefire, crude oil production increased to about 2.2 million after dropping between 1.3 to 1.6 million bpd due to violent attacks.

However, MEND called off the three-month truce on January 30, 2010. In calling off the truce, MEND stated that "all companies related to the oil industry in the Niger Delta should prepare for an all-out onslaught against installations and personnel." MEND said that President Yar'adua's protracted absence due to illness was hindering amnesty implementation. Although President Yar'adua did return in early March 2010, the National Assembly on February 10, 2010 voted to make the Vice President, Jonathan Goodluck, the Acting President.

Finally, the National Assembly has drafted the Petroleum Industry Bill to reform the oil and gas industry with the aim of making it more efficient and equitable. Key provisions of the Bill include:

Creating new institutions to govern the operations of the industry; transforming the existing joint ventures between the multinational oil corporations and the NNPC into
Incorporated Joint Ventures; making the NNPC into a fully-capitalized and profitable National Oil company; instituting a new fiscal measure that would increase government take; making the industry more transparent and accountable; ending the problem of gas flaring; ensuring that oil wealth is equitably distributed through local participation.  

Unfortunately, it is hard not to be pessimistic about the effective implementation of the legislation, which lawmakers will likely pass given the overall support the bill is receiving from the ruling People's Democratic Party and opposition parties. Historically, lack of effective implementations of legislation and regulations have defined Nigerian polity.

PART SIX

Implications for the United States

The ongoing crisis in the Niger Delta has implications for the US. Nigeria supplies the US with about one million barrels of oil per day or 10 percent of US imports. Nigeria is the fifth largest supplier of petroleum to the US. Nigeria is in the process of exporting about 1.7 percent of her crude oil to the US. The US is Nigeria's "largest bilateral aid recipient." Nigeria is US strategic partner in Africa economically, politically, and militarily. Nigeria's African Growth Opportunity Growth Act (AGOA), "a US Trade Act that enhances US market access to Sub-Saharan Africa," accounted "for over 90 percent of Nigeria's exports to the US, and were valued to about $48 million in 2009."  

Politically, the US has supported and continues to support Nigeria's efforts toward building a stable Democracy. For instance, the US funded several democratic initiatives that promote rule of law, civil society, and good governance. In February 2010, Johnnie Carson, the US Assistance Secretary of State for Africa vowed to support Nigeria's democratic transition in the wake of a power vacuum that the absence of Nigerian President has created.  

Militarily, the US supports Nigeria's efforts to professionalize her military through the International Military Education and Training (IMET). Africa's strategic position in the war
The threat of terrorism has also necessitated the creation of African Command or AFRICOM to:

- Support and enhance existing US initiatives that help Africa, help African nations, the African Union, and the regional economic communities succeed. It also provides African nations and regional organizations an integrated Department of Defense coordination to address security and related needs.\textsuperscript{178}

Also, Nigeria has benefitted significantly under the 2003 US President's Emergency Plan for AIDS Relief (PEPFAR) designed to combat HIV/AIDS and other health related programs.\textsuperscript{179}

Thus, the U.S. has to intervene immediately to bring peace and stability in the Niger Delta.

\textbf{PART SEVEN}

\textbf{CONCLUSION}

Years of economic marginalization, environmental degradation, poverty, poor governance, underdevelopment, mismanagement, and widespread corruption are the root causes of oil war in the Niger Delta. MEND and other militant groups have capitalized on that to fight an insurgency. The solution is for the federal government, in collaboration with states and local governments, civil society, and the militants to formulate a sustainable, and equitable means to distribute oil windfalls. The government must begin to implement post-amnesty programs to avoid further instability.

Furthermore, governments at every level, including officials of the anti-corruption agencies, and oil companies, must endeavor to combat endemic corruption and punish those that are corrupt. Also, the government should support and promote the Extractive Industries Transparency Initiative, which aims to strengthen governance, transparency, and accountability in the hydrocarbon sector. This will enable the government to address corruption-related issues more effectively. Oil companies led by Shell and the international community—UN, US, China, India, and UK—must directly and indirectly support Nigeria’s efforts toward sustainable peace in the Niger Delta. A stable Niger Delta benefits Nigeria and the international community.
Finally, Nigeria should consider diversifying its monolithic oil economy by investing in other sources of energy such as solar, hydropower, wind, and biomass. Nigeria’s energy resources such as coal, crude oil, and natural gas, positions her well for renewal energy programs. Effective development and implementation of alternative energy programs will likely reduce the country’s overdependence on oil as well as create jobs, where according to the World Bank study, one out of every five adults in Nigeria is unemployed, and one out of every ten university graduates is employed.¹⁸⁰
### APPENDIX

<table>
<thead>
<tr>
<th>A cross section of guns surrendered by Chief Government Ekpomupolo, aka, Tompolo at Oporoza during the formal surrender of weapons after accepting the amnesty.</th>
<th>A cross section of guns surrendered by Chief Government Ekpomupolo, aka, Tompolo at Oporoza during the formal surrender of weapons after accepting the amnesty.</th>
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<tr>
<td>Ondo State Governor, Dr Olusegun Mimiko (R), the State Director of the State Secret Services (SSS) Mr. Victor Duru (M) and the Minister of Defence, Gen Godwin Abbe checking some weapons surrendered by the Niger Delta Militants in Arogbo town in Ese-O.</td>
<td>A cross section of Niger Delta Militants who embraced amnesty and surrendered their weapons in Arogbo town.</td>
</tr>
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NOTES


4 For the purpose of this paper, we have adopted The 2007 Army/Marine Counterinsurgency (COIN) Field Manual (FM 3-24/MCWP 3-33.5) definition, which views insurgency as "an organized movement aimed at the overthrow of a constituted government through the use of subversion and armed conflict...an organized, protracted politico-military struggle to weaken the control and legitimacy of an established government, occupying power, or other political authority while increasing insurgency control" (Field Manual 3-24/Marine Corps Warfighting Publication 3-33.5, 2007). R. Scott Moore's The Basics of Counterinsurgency also offers similar definition http://smallwarsjournal.com/documents/moorcoinpaper.pdf (accessed 20 January 2010).

According to the United Nations, "Poverty is a denial of choices and opportunities, a violation of human dignity. It means lack of basic capacity to participate effectively in society. It means not having enough to feed and cloth a family, not having a school or clinic to go to; not having the land on which to grow one's food or a job to earn one's living, not having access to credit. It means insecurity, powerlessness, and exclusion of individuals, households, and communicates. It means susceptibility to violence, and it often implies living on marginal or fragile environments, without access to clean water or sanitation" (UN Statement, June 1998).


9 Abam, "Regional Hydrological Research Perspectives in the Niger Delta.


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