

MASTER PLAN FOR SUSTAINABLE PEACE AND DEVELOPMENT IN THE NIGER DELTA REGION OF NIGERIA

**ONUOHA A. ONUOHA, PhD.
Department of Marketing
University of Port Harcourt
Port Harcourt, Nigeria**

And

**DORIS ADEME-GODWIN, PhD.
Department of Marketing
University of Port Harcourt
Port Harcourt, Nigeria**

Abstract

The heightening tensions and insecurity in the Niger Delta region of Nigeria have been linked to the cumulative negative impact of oil and gas exploration in the region. It is, therefore, imperative that a long-term conflict management policy framework be structured, installed and operated efficiently to forestall the negative consequences of volatile conditions of the region. In view of the foregoing, this paper articulates a fundamental immediate and long-term master plan that would address comprehensively the issues raised by stakeholders in the area. It stresses the twin action programme of participative development and institutional economic independence under an umbrella of a legal fabric that recognizes and guarantees rights, responsibilities, privileges and authority relations in such a manner that the deplorable condition of the region could possibly be ameliorated to a fairly reasonable degree without compromising the efficient operations and the profit objectives of both the multinational corporations and local firms that operate in the region. Additionally, the paper takes a critical look at the directives of the apex regulatory institution in the oil sector – the Nigerian National Petroleum Corporation (NNPC) – to the multinational oil companies to employ Nigerians and indigenes of host communities at top management levels as an operational strategy for reducing the density and spread of tensions in the region.

Keywords: Oil exploration, Participative development, Corporate independence, Niger Delta Region

Introduction

The Niger Delta region of Nigeria cuts across nine States in three geo-political zones of the country, including Ondo (South West), Abia, Imo (South East), Rivers, Bayelsa, Delta, Edo, Akwa-Ibom and Cross-River (South South). The region is commonly referred to as oil rich area of Nigeria (Ukoha, 2003; Olulu, 2003; Anyanwu, 2012; Kadafa, 2012) that produces about 95% of the country's annual revenue (Ayoola & Olasanmi, 2013; Okpara, 2008), and houses about 103 registered oil and gas firms that engage in various activities, including exploration, mining, marketing, communication, engineering and other auxiliary services (Haladu, 2015).

In spite of its status as the “heart-beat” of Nigeria’s economy, the Niger Delta region has been complaining about problems and pains associated with oil exploration, exploitation of the oil firms and neglect by government for 60 years since the discovery of oil in the area. Despite huge amount of money being generated by government and the oil firms, signs of underdevelopment, in terms of unemployment, soil erosion, water and air pollution, dilapidated public schools and healthcare facilities as well as depletion of natural resources (Haladu, 2015; Otiotio, 2012; Vidal, 2010). Not less than 84.6% of the total gas produced in the Niger Delta by the oil companies is flared (Ukoli, 2005), in about 123 gas flaring sites, thus making gas flaring a major environmental pollutant in the area (Haladu, 2015). The pitiable condition of most host communities in the Niger Delta, caused by the associated harm and damage of oil exploration activities (Akpo, 2002), is described by Olulu (2003) as “man’s inhumanity to man”; thus making the host communities victims of their own fortunes (Agiobenebo & Azibaolanori, 2001).

The unpleasant conditions of the host communities in the Niger Delta had led them to agitate severally against the oil firms and the government of the federation, including the demand for the control of the abundant resources in their domains, popularly referred to as *Resource Control*, which the Supreme Court ruled against (Ukoha, 2003). The Supreme Court’s verdict on resource control escalated the agitations and tensions in the Niger Delta, including the emergence of various militant groups, which consequently made the region to remain conflict prone.

The cumulative impact of the series of tensions in the Niger Delta on the national economy can be very intimidating, as the nation’s economy is principally predicated on developments in the oil sector (Ogwo & Onuoha, 2013; Ayoola & Olanmi, 2013; Ukoha, 2003). There are indications that the poor economic indices of today are not likely to change significantly in the near future even at normalized conditions because of the impending weight of external economic political and technological circumstances.

In view of the foregoing, this paper looks at the external forces that impact on the conditions of oil producing and exporting countries of the world, as well as immediate and long-term master plan that recognizes and guarantees rights, responsibilities, privileges, and authority relations in such a manner that the deplorable condition of the Niger Delta region can possibly be ameliorated to a fairly reasonable degree without compromising the efficient operations and the profit objectives of both the multinational and local oil firms that are operating in the region.

Structure and Impact of International Petroleum Policies on Nigeria’s Oil Sector

The structure and impact dimensions of international policies in the area of petroleum is principally determined by the contextual issues of technology, marketing

strategies, differential energy policies, micro-economic dynamics and the socio-political conditions in the oil producing and exporting regions of the world (Ukoha, 2003). Foreign multinational oil companies play a dominant and almost a monopolistic role in Nigeria's oil sector (Haladu, 2015), especially in the acquisition and of different forms of oil technologies, as reinforced by their continued and substantial investment in technological research and development. New forms of advanced and manageable technologies that are beyond the reach of developing nations are being developed on a coordinated basis by the industrially developed societies and possibility of effective and immediate transfer of such technologies to the host peripheral countries where these multinationals operate appears very dim (Khan, 1994).

The critical technological condition in developing poor nations has brought about a glaring absence of receptivity to the rudiments of science and a rational and inquisitive orientation to the scientific methodology (Kupolokun, 2004). When this situation is combined with the visible and rapidly declining economic fortunes of the people and institutions of the third world, it can hardly be contemplated that an absorptive technological capacity can be developed in foreseeable future (Ukoha, 2003).

From the threshold of a limiting and intimidating technological imperative, one can visualize the problems posed by the fact that the host communities are incapacitated by their weak marketing strategies, unfavourable macro-economic dynamics and uncontrollable process of policy formulation to protect and develop alternative energy systems by the advanced oil consuming countries.

The oil economics of developing host communities have been poorly managed over the years, including when escalating social and political tensions, especially in the oil rich Middle East, led to the emergence of a regime of rising oil prices (Kadiri, 2012). As a result, the tension prone oil regions have not been seen to utilize accruing huge oil revenue in the acquisition of relevant technologies (Kupolokun, 2004) nor have they made any bold attempt to develop and sustain any advanced skill development programmes for functional participation with foreign captains in the industry (Tolulope, 2004); and have therefore continued to agitate and operate from a weak bargaining position (Olawale, 2003).

Twin Action Plan for Niger Delta Issues

This section stresses the twin action programme of participative development and institutional economic independence that could pave way for the much desired sustainable peace, security and development in the Niger Delta.

Participative Development

Participative development emphasizes the inclusion of the indigenous people and their institutions in all aspects of oil exploration and exploitation by the multinational oil firms and the host government in ways that are optimally beneficial (Onuoha, 2013).

Optional benefits, in this case, have no ambiguous interpretations; as they include prospects of employment, improving the physical environment through adequate investments in social infrastructures and a convincing and reliable policy regime that can effectively address the issue of environment pollution and other ecological problems over time (Ukoha, 2003). The local content Bill passed by the 6th National Assembly was Nigeria's attempt to give legal backing to participative development, as the Bill gives Nigerians power to participate and invest in the oil sector (Onuoha, 2013). The benefits of participative development cannot be overemphasized, as it stresses the need for programmes of indigenous technical and administrative manpower development that are capable of ensuring that the indigenous people are adequately trained and properly oriented to take up responsible positions in the oil sector in the future.

The multinational firms are expected to function within the policy framework of the host government. This framework usually specifies performance standards that must be met, a web of financial guidelines, procurement and marketing policies and issues of technology both embodied and disembodied (Bass & Shackleton, 2009). The intention, according to Madisson (2010), is to make the firm as socially responsible as possible and to spread the benefits of the sector equitably among its principal stakeholders. The host community is expected to regard the entire package as constituting a strategy for tension reduction. The effort Shell Petroleum Development Company (SPDC) along this line is commendable. The company has been making an annual contribution of Thirty Million Dollars (\$30m) for various developmental projects in the Niger Delta, as well as creating separate Departments for compensation, conflict resolution, and community development in an attempt to achieve sustainable peace and development in the area (Ofoka, 2012).

Corporate Independence

The primary motivation for private enterprise is profit. Corporate organizations are the dimensions of the controlling legal arrangements within which they find themselves (Ukoha, 2003). Corporate independence presupposes the absence of any undue (illegal) constraints on private enterprise (Bass & Shackleton, 2009). It rests on the basic understanding that corporate dynamics will respond and correspond with the alternating direction and size of the legal changes in the economic and socio-political conditions of the society (Graeff, 2013). These changes and the probable legal properties that follow can sometimes be reasonably contemplated, forecasted and provided for by the corporation. At times, they are trust on the corporation through the unexpected policy dynamics of changing governmental regimes (Bass & Shackleton, 2009).

The modern organization must function as a responsible corporate citizen by reflecting on and continuously responding to the specifics of the several environments that are relevant for its existence, stability and survivability (Kemelgor, 2011). It must address, systematically the issues of providing quality products and or services at competitive prices, create employment opportunities for its host community, develop its surrounding physical environments and identify and reconcile the myriad of stakeholders' interest (Madison,

2010). In short, it is expected that the modern corporation should be capable of providing a mutually beneficial platform in its interfaces.

The freedom of engagement in chosen pursuits that are legally permissible and the establishment of relevant and consistent long and short term goals, strategies and policies by organizations are all components of the social contract to which individuals, organizations and whole society are parties (Graeff, 2013). In the same vein, the parties to this contract are required to adhere to its provisions, in terms of recognizing the rights of each party and living up to the responsibilities which the contract imposes directly and by implication on all the parties (Kemelgor, 2011).

On the basis of the conceptual framework presented in the preceding sections of this paper, we shall in the next section review the Nigerian National Petroleum Corporation (NNPC) policy toward the Niger Delta peace.

NNPC Policy Directions in the Oil Industry: An Evaluation

NNPC, an agency of the Nigerian government, has been making bold attempts with its policy thrust aimed at creating an environment of reduced tension in the Niger Delta for the benefit of all stakeholders in the oil industry. In its frantic search for participative development in the industry, the apex regulatory body designed new policy measures to make the multinational oil companies more community oriented in their operations. The measures stress involving, by way of employment, qualified citizens of host communities in the top management of these multinationals as well as the desirability of awarding specified categories of contracts to indigenous persons and institutions (Ukoha, 2003; Ofoka; 2012).

The NNPC directive on employment requires all major multinational oil companies to reserve certain specified positions to Nigerians. Two American oil companies – ExxonMobil and Chevron – were directed to create, in their respective companies, the position of Deputy Managing Director as well as appointing Nigerians to fill the position (Ukoha, 2003).

Prior to this directive, indigenes of Akwa-Ibom State, where ExxonMobil is situated had been agitating and pressurizing the oil company to appoint indigenes of the State to the company's top management positions. An appointment to the position of Deputy Managing Director in ExxonMobil was considered by the agitators as preferable to the position of Vice Chairman and Director of Administration- a position a Nigerian had occupied before the new policy directive (Ofoka, 2012).

It has been envisaged that the reservation of the position of Deputy Managing Director of these companies to Nigerians could be a good indicator of the degree of local participation in the oil industry. However, many experts and industry watchers are of the view that the oil companies are likely to be compelled to adhere strictly to the directive of the NNPC without empirically ensuring a reliable measure of indigenous participation. Local participation can be said to have been achieved if the Nigerian directors in these companies are allowed to execute their functions according to the laws and rules of the operations consented to by the contending parties. The provisions of the Memorandum of Understanding (MOU) have been severally disregarded especially by the multinational oil

companies. The host communities and the oil producing states have not been able to enforce compliance.

Two broad issues have been identified for a close analysis in an effort to explain the incidence of the constant accusation of the multinational oil companies of excluding the local people and their institutions in the industry. One is the context of international petroleum policies, and the other, is the question of capability in terms of the possession of the relevant skills and operational orientation (Ukoha, 2003; Tolulope, 2004; Ofoka, 2012). These issues are mutually reinforcing and a breakthrough in one assures the mitigation of the negative consequences of the other.

The Petroleum Industry Bill (PIB) and the Niger Delta

The Petroleum Act of 1969 transferred ownership and control of all petroleum resources to government (Olulu, 2003; Haladu, 2015). The Act stated that “the entire ownership and control of all petroleum in, under or upon any land shall be vested in the State, i.e., the federal government” (Olulu, 2003 p. 17). Consequently, the Nigerian National Oil Corporation (NNOC) was established in 1971 to regulate and supervise operations of firms within the oil industry. The NNOC was, in 1977, renamed Nigerian National Petroleum Corporation (NNPC).

According to Haladu (2015), other Laws enacted for the industry include:

- i. Petroleum Profit Tax Act 1959
- ii. Petroleum Act of 1969 as amended
- iii. Regulations Act for Pipelines Drilling and Production- Petroleum Refining 1969 as amended.
- iv. Land Use Act 1976
- v. Oil Pipelines Act 1978
- vi. Exclusive Economic Zone Act 1978
- vii. Oil in Navigable Waters Act 1979
- viii. Associated Gas Re-injection Act 1979
- ix. Hydrocarbon Oil Refining Act 1989
- x. Petroleum Equalization Act 1989
- xi. Nigeria Liquefied Natural Gas Act 1990

However, the enactment of these laws did little or nothing to save the industry from inefficiency and corruption (Anyanwu, 2012); a situation that led to conflicts and sabotage in the oil producing communities (Haladu, 2015).

In a bid to ensure efficiency, transparency and accountability, government sent the Petroleum Industry Bill (PIB) to the National Assembly, with the aim of restoring the dignity, integrity and respect of government agencies in charge of the petroleum industry. As past Petroleum Acts suffered from regulatory uncertainty, lack of transparency and access to information (Otiotio, 2012), the PIB is aimed at “Good governance, Transparency and

Sustainable Development” (Haladu, 2015), as it proposes new petroleum regulatory agencies which include:

- i. Ministry of Petroleum Resources
- ii. Directorate of Petroleum Resources
- iii. Nigerian National Petroleum Corporation
- iv. Federal Ministry of Environment (Onshore and Downstream Sectors)
- v. Federal Inland Revenue Service (FIRS)

Highlights of the Bill include (Haladu, 2015):

- i. Plans to increase oil exploration activities not only in the Niger Delta, but around the Lake Chad Basin
- ii. The expansion of Nigeria’s oil reserves.
- iii. The division of petroleum mining operations into Upstream, Middle-stream and Downstream sectors, with separate regulations for each.
- iv. Complete deregulation of the downstream sector to make it function independently and efficiently.
- v. Renegotiation of outdated contracts and licences, and introduction of new fiscal policies to strengthen existing taxes.
- vi. Reorganization of the NNPC for efficiency and increased revenue.
- vii. Establishment of a new company to take care of the joint venture between the NNPC and international oil companies (IOC).
- viii. Compulsory financial provision for environmental damages.
- ix. Establishment of the “Petroleum Host Community Fund”.

Many stakeholders in the oil industry has expressed their support for the PIB, as in their opinions, it would go a long way in addressing majority of the corrupt practices in the oil sector, making it efficient as well as driving developments in the Niger Delta, when fully passed and implemented.

Conclusion

This paper examined the environmental, political and socio-economic implications of oil exploration in the Niger Delta region of Nigeria. The paper also examined the impact of the international petroleum policies on developing oil producing and exporting countries of the world, especially in the area of technology. The paper having conceded these, further examined a twin action programme of participative development and institutional economic independence under an umbrella of a legal fabric that guarantees rights, responsibilities, privileges and authority relations among the stakeholders in the oil industry. Additionally, the paper ideally reviewed the relevant policies and programmes of the apex regulatory institution in the oil sector – the Nigerian National Petroleum Corporation (NNPC). It specifically took a critical look at NNPC’s directives to the

multinational oil companies to employ Nigerians and indigenes of host communities at top management levels as an operational strategy for reducing the density and spread of tensions in the Niger Delta.

In view of the foregoing, the paper concludes that government has shown sizeable commitment toward sustainable peace, security and development in the Niger Delta. The commitment, among others, include the establishment of the Niger Delta Development Commission (NDDC), with the charge to redress the underdevelopment and ecological problems of the area; the creation of the Ministry of Niger Delta Affairs, with a Minister and a budgetary allocation annually, as a vehicle through which more development will get to the area; the Amnesty Programme for repentant militiamen; the Master Gas Plan; and the flagged off (but yet to start) cleaning up of Ogoni land.

In spite of the above shown commitments, it is the view of this paper that more needs to be done for the desired peace, security and development in the Niger Delta to be achieved. As such, the tips offered in this paper, in the way of recommendations, might be valuable.

Recommendations

Gas flaring has been identified as a major environmental pollutant in the Niger Delta. As such, government should prevail on oil companies operating in the area to improve on their environmental consciousness. Moreover, more effort should be made to discourage oil companies from flaring gas. Therefore, the Gas Master Plan of 2008 should be implemented to the latter. The huge economic returns of the Plan should, among other things, be channelled toward sufficient investment in human capital development, including technological competence.

Though the Supreme court ruled against resource control, thus making mineral ownership and control the reserved right of the federal government, practical efforts should be made to alleviate the suffering of the host communities that bear the pains of oil exploration most. Therefore, government and oil companies should adopt compensation programmes based on appropriate valuation, sustainable livelihood principle and community participation.

Crops and land damaged by oil spillage or industrial waste should be paid for adequately by the firm responsible for the damage, while the damaged land should be reclaimed fully and returned to the owners by the same firm. In view of the foregoing, the yet to begin clean-up of Ogoni land should be started and facilitated.

The NNDC set up by government for the socio-economic development of the Niger Delta should be marketing oriented in conceiving and executing projects in the area. The

commission is therefore encourage carrying the people of the area along through field survey, as “he who wears the shoe knows where it pinches”.

All measures, including moral suasion, should be used by government to encourage companies in the oil industry to comply with established guidelines and standards for their operations for sustainable development in their areas of operation. Also advisable is for them to step up their corporate social responsibility activities for the social, infrastructural, environmental and human capital development in their mining communities and, by extension, the whole country. The PIB should be given all the attentions that it deserves. Thus, the constitutional and legal issues that made the President to decline assent to the Petroleum Industry Governance Bill 2018, passed by the National Assembly, should be resolved, and fast too.

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