



A Strategy of Extraction

Africa's Resource Challenge – A Case Study of Oil and the Niger Delta



View of the Niger Delta

For centuries, Western governments and business interests have viewed the African continent as a source of natural resources ripe for extraction. While states and other dominant actors in the global North have made linking the exploitation of the region's unmatched natural wealth to human development a public relations standard practice, the economic benefits of mining and other resource industries still flow overwhelmingly away from the African people.

Whatever their public rhetoric, U.S. policymakers today consider resource extraction an issue of geopolitical security. Unfettered access by U.S.-based companies and multinational corporations to minerals such as uranium, coltan, diamonds, gold, bauxite and copper is considered a vital "strategic" interest. Although Africa is rich in these and other elements, the most coveted natural resource on the continent, without a doubt, is oil.



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Africa's Oil = U.S. Energy Security?

In his 2006 State of the Union address, President Bush stated his intent to replace 75% of U.S. oil imports from the Middle East by 2025. With large reservoirs of high quality "sweet" crude found especially in countries around the Gulf of Guinea, Africa has risen rapidly as a U.S. national security priority.

The view that access to African oil must be advanced as a "vital interest" of the U.S. was first publicly developed in a 2002 white paper produced by the oil business experts, consultants and U.S. policymakers making up the African Oil Policy Initiative Group (AOPIG), a project of the neo-conservative Jerusalem-based think tank the Institute for Advanced Strategic and International studies. The AOPIG's report argues that "*African oil is not an end but a means: to both greater U.S. energy security and more rapid African economic development.*" The AOPIG's first pro-

posal for African energy security is the expanded pursuit by "participating companies" of "all the oil available in the region." Among its policy recommendations to this end are expanded land privatization, debt cancellation highly conditioned upon free market structural reforms, and the establishment of a regional unified U.S. military command for the African continent, similar to U.S. Africa Command (AFRICOM) President Bush announced in February 2007.

Despite the AOPIG's rhetoric that with oil comes development, recent history shows that for developing countries, oil is often as much a curse as a blessing, encouraging corruption, inciting conflict, and leading to devastating environmental degradation, all of which can undermine the human benefits of any economic development the oil industry brings. Indeed, Nigeria and the five other potentially wealthy

sub-Saharan countries whose government revenues depend largely on oil remain near the bottom of both the United Nations (UN) Human Development Index (HDI) and Transparency International's Corruption Perception Index.

In a June 2003 report, Catholic Relief Services concluded that, "*unless the main players in the oil story make specific policy changes... Africa's oil boom is unlikely to foster any significant poverty reduction.*" These actors include not just African governments, but also multinational oil companies, international financial institutions like the International Monetary Fund (IMF) and World Bank, export credit agencies and the governments of wealthy countries like the U.S. This Africa Action resource examines the issue of African oil extraction and its impacts on social, political and economic justice using the case study of Nigeria's Niger Delta region.

U.S. policy recommendations, resources for further reading and to take action are on the back cover.



Case Study – The Niger Delta



Top: Nigerian Flag

Bottom: Biafran Flag

Oil from the Niger Delta, an area including nine of Nigeria's 36 states, produces about 90% of the value of Nigeria's exports, yet the Niger Delta remains one of Nigeria's poorest regions, lacking basic social infrastructure such as schools and health care facilities. From the time when oil exploration began in the 1950s, the region has seen periods of intense violence, including a full-fledged civil war from 1967-70 when several southeastern provinces unsuccessfully attempted to secede as the Republic of Biafra. **Although different political and social factors have characterized different phases of conflict across the region, a common underlying root cause has been local frustration and resentment at the disconnect between the poverty, unemployment and lack of social services most Delta residents experience and the hundreds of billions of dollars of oil wealth being generated from the land where they reside.**

Black Gold – Wealth for Whom?

This wealth has failed to benefit most of the population and the intrusive process of oil extraction has drastically reduced the ability of communities in the Delta to engage in traditional economic activity. The Niger Delta holds the largest mangrove forest in Af-

rica, and polluting oil operations have decimated this ecologically crucial habitat. Fishing and agriculture are no longer possible in many communities. Lacking the education infrastructure to develop alternative local economic systems, the social relations of Delta com-

munities have come under immense strain, with fault lines along ethnic divisions exacerbated by the demagoguery of corrupt politicians. Malnourishment and diseases such as HIV/AIDS impact the region more severely than in Nigeria as a whole.



“Poor people continue to subsidize the costs of crude oil by the losses they suffer in environmental services, quality of life and extreme environmental degradation.”

~Nnimmo Bassey, Executive Director of Environmental Rights Action /

Friends of the Earth Nigeria



Shell gas flares at Kolo Creek
Niger Delta — Peter Roderick

Struggling for Justice

In the early 1990s, the emergence of the Movement for the Survival of the Ogoni People (MOSOP), led by the charismatic writer and activist Ken Saro-Wiwa, drew international attention to the emerging contemporary Niger Delta struggle for local political and economic

empowerment. The Nigerian military government responded to this activism with a violent crackdown. In 1995, Saro-Wiwa and eight other activist leaders were executed after a rigged military tribunal. Although MOSOP never recovered, its leadership has inspired

other civil society groups across the region to agitate for change as they face the same problems of economic marginalization, human rights violations, and environmental and health degradation.

Poverty Begets Violence For Some, Not All

Although civil society organizations, particularly women's groups, continue to organize peacefully, many resentful men in the impoverished region have increasingly turned to violence to counter repressive government tactics and out of economic desperation. From the 1990s on, many previously non-violent youth groups, often referred to as "cults" in Nigeria, transformed into violent militias and criminal

organizations. With easy access to small arms, despite a 2006 regional ban on illegal light weapons trafficking, militant groups have increasingly engaged in criminal violence and human rights violations against local communities. Armed factions have variously targeted each other, government forces, foreign oil companies and civilians in a series of ongoing violent struggles and sporadic episodes of violence. Since

2006, militants have employed hostage taking of foreign oil workers or local politicians as a tactic designed both to generate international attention and as a ransom-seeking criminal endeavor.



Governance Challenges

One reason for this increasing militancy is the failure of Nigeria's recent democratic development to produce political and economic dividends for the region. Olusegun Obasanjo, the former general elected as Nigeria's first civilian president in 1999, failed to make progress in addressing the development, stability and governance issues in the region despite creating an

ambitious Niger Delta Development Commission (NDCC) in 2000. Notwithstanding campaign promises and public statements early in his term that the Niger Delta would be a major priority, current President Yar'Adua, elected in May 2007, has so far been similarly ineffective. President Yar'Adua has generated some confidence among stakeholders by engaging in a

consultative approach marked by broad-based dialogue, but his government has failed to address the root issues of corruption and access to political and economic resources. Simply allocating more oil funds to state level government has not proved effective, as self-interested politicians prevent the wealth from translating into human development for the population of the Delta.

The Role of Corporations

Without serious reforms by the Nigerian government, the Niger Delta will continue to be marginalized and volatile. However, multinational corporations (MNCs) also bear serious responsibility for the violence. Frequent

extrajudicial killings by government security officials amid a climate of impunity contribute to the region's conflicts. Foreign oil companies' employment of quasi-governmental security forces and cooperation

with human rights violations makes them culpable in this repression. MNCs also employ contract militant or criminal factions for protection to avoid becoming targets of violence, encouraging the culture of impunity.



The Economic and Environmental Impact

Even more than violence, oil companies operating in the Delta are in part responsible for the poverty and environmental degradation of the region. MNCs such as Shell have pursued extraction techniques that allow extremely high levels of gas flaring, 24.1 billion cubic meters a year, according to the World Bank. This wasteful and avoidable phenomenon exacerbates climate change and causes serious health problems and environmental damage. As of January 2008, Nigeria's government acknowledged 1,150 abandoned oil spill sites in the Delta, few of which have seen serious clean up efforts. Under Nigerian law, MNCs are not responsible for cleaning up oil spills if the leaks are due to sabotage. Oil firms attribute the vast majority of spills to

"bunkering" – the theft of oil directly from pipelines by criminals or militants seeking to sell the oil on the black market. Environmental experts and local civil society groups argue that while bunkering is indeed a serious problem, aging, corroding pipelines are more to blame, and have for decades charged that the foreign oil companies falsely attribute oil spills to vandalism to avoid paying for cleanup or compensation for the communities whose land has been destroyed.

Nnimmo Bassey, Executive Director of Environmental Rights Action, ERA/Friends of the Earth Nigeria, terms the intersection of economics and conflict in the Niger Delta "crisis capitalism." "Poor

people continue to subsidize the costs of crude oil by the losses they suffer in environmental services, quality of life and extreme environmental degradation."

While foreign oil companies have made highly publicized attempts at integrating community development and local stakeholder voices into their operations, these efforts have not changed the fundamental operating dynamics of the oil industry as described above. The financial assets of MNCs make it difficult for affected communities to challenge them through legal action, and despite the increasing danger oil operations face from militants or criminal attacks, oil prices that have soared over \$100 per barrel make a reduction in international investment in this industry unlikely.

U.S. Policy Recommendations

As the influential African Oil Policy Initiative Group (AOPIG) report described above suggests, access to African oil is emerging as a dominant priority in U.S.-Africa policy, and the 2007 creation of the Joint Unified Command for Africa (AFRICOM) reflects the militarization of this approach. Neither this goal nor this strategy is in the best interest of the African people. As the Niger Delta example clearly demonstrates, the issues of peacebuilding and sustainable development are intricately linked in Africa. Both issues are better pursued through grassroots community engagement supported by government and the private sector rather than a top-down military approach that prioritizes the “strategic interests” of MNC access to oil and counterterrorism operations over political and economic justice.

A May 2007 study by the community development organization Academic Associates PeaceWorks found that 82% of members of armed groups would drop out if they had real jobs. Rather than expanding military relations, the U.S. government should increase support for community

peacebuilding and job training programs implemented by civil society groups, especially women’s groups, with proven track records. Heightened support for civil society organizations is also important to help encourage genuine democracy and effective rule of law in Nigeria and other African countries where oil reserves have fueled corruption. The U.S. should also push oil companies to respect basic human rights and toward greater transparency about revenues and payments.

In addition to the challenges faced by oil producing African states, African countries without oil also face serious development hurdles as a result of the global energy production system dominated by fossil fuels. As oil prices hit \$116 per barrel in April 2008, in part due to fresh episodes of violence in the Niger Delta, oil-importing nations such as Tanzania find that the progress made in fighting poverty and building health and education infrastructure is threatened by the enormous cost of oil imports. A sustainable solution to this energy poverty dilemma is not, as the AOPIG argues, expanded drilling for oil.

As Graham Saul, Executive Director of Climate Action Network Canada states, “The idea that the solution to problems associated with oil is more oil has been the conventional wisdom for the past quarter century and that has failed us. Poor countries are looking to make a shift.”

Climate change driven in part by the dependence of global industry on oil will disproportionately impact the African continent, particularly communities in the Sahel, central Southern Africa, and potentially West African river delta areas if sea levels rise. According to United Nations (UN) estimates, sub-Saharan Africa’s entire population of nearly one billion people emits less carbon dioxide than the 23 million Americans who live in Texas alone. U.S. policy must address the injustices created by oil extraction in Africa by promoting renewable, sustainable energy alternatives that promote equitable economic development driven by stakeholder engagement rather than by simply scaling up the oil industry.

Further Information:

African Oil Policy Initiative Group, “African Oil: A Priority for U.S. National Security and African Development. 2002. <http://www.israeleconomy.org/strategic/africatrascript.pdf>

AllAfrica.com: Petroleum – latest news aggregated from African and international news media on oil extraction in the Niger Delta and across the continent. <http://allafrica.com/petroleum>

Catholic Relief Services, “Bottom of the Barrel – Africa’s Oil Boom and the Poor.” June 2003.

http://www.earthinstitute.columbia.edu/cgsd/STP/documents/Bottom_of_the_Barrel_English_PDF.pdf

Congressional Research Service, “Nigeria: Current Issues.” January 2008. <http://www.fas.org/sgp/crs/row/RL33964.pdf>

Human Rights Watch, “Rivers and Blood: Guns, Oil and Power in Nigeria’s Rivers State,” February 2005. <http://hrw.org/backgrounders/africa/nigeria0205/nigeria0205.pdf>

International Crisis Group, “Nigeria: Ending Unrest in the Niger Delta.” December 2007.

http://www.crisisgroup.org/library/documents/africa/west_africa/135_nigeria_ending_unrest_in_the_niger_delta.pdf

Neil Watkins, “Oil: Fueling Another Debt Crisis?” *Multinational Monitor*, September/October 2007. <http://www.multinationalmonitor.org/mm2007/092007/watkins.html>

Want to take action? Contact:

Environmental Rights Action (ERA) is a Nigerian advocacy non-governmental organization founded in 1993 to deal with environmental human rights issues in Nigeria. ERA is the Nigerian chapter of Friends of the Earth International (FoEI), the world environmental justice federation campaigning to protect the environment and to create sustainable societies. <http://www.eration.org>

End Oil Aid is diverse coalition of organizations working together to end oil aid and address the issues at the intersection of oil dependence, climate change, and international debt. Together, we are helping to create the grassroots network, education framework, public policy reforms, and changes in public and private financing that are needed to end oil aid and address the inter-related issues of oil, debt and climate change. <http://www.endoilaid.org>

The **Publish What You Pay** campaign aims to help citizens of resource-rich developing countries hold their governments accountable for the management of revenues from the oil, gas and mining industries. This coalition of 300 NGOs worldwide calls for the mandatory disclosure of the private sector payments and government revenues for oil, gas and mineral extraction

<http://www.publishwhatyoupay.org>

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