

REVIEW OF THE IMPLICATIONS OF NIGER DELTA MILITANTS ON OIL AND GAS EXPLORATION: A FOCUS ON 2016 FEDERAL BUDGET

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Abstract

Since Independence, Nigeria has been afflicted with conflicts of various dimensions; ranging from religion, agitations for true federalism, resource control, restructuring to against marginalisation. Based on the literature and the authors' understanding of Niger Delta issues, this study analysed the implications of pipeline destructions by the Niger Delta militants on 2016 budget estimate. The 2016 budget had an outlay of N6.06 trillion with distributable revenue of N5.72 trillion comprising main federation account revenue of N4.303 trillion and N1.416 trillion from the Value Added Tax (VAT) pool account.

It had a projection of 2.2 million barrels of crude oil production per day at a price benchmark of \$38 per barrel at an average exchange rate of N197/\$. Expected net oil receipts was N1.48 trillion or 25% while expected net non-oil revenue was N4.22 trillion or 75%. The Niger Delta region accused the federal government of marginalisation, neglect and unfair treatment in the management and distribution of oil blocks. The study is primarily descriptive and secondary sources of information were used in evaluating how destructions of oil and gas facilities by the various Niger Delta militants affected the implementation of 2016 budget estimate. Resistant groups emerged as a result of perceived marginalisation, frustration, feeling of exploitation and to assert authority and take control of the oil wealth. The paper highlighted continuation of amnesty programmes initiated in 2009 by Yar'adua/Jonathan administration, adequate provision of infrastructures, inclusion of indigenes of host communities in oil block allocation, implementation of 2014 National Conference as it concerned resource derivation, functional programmes to check environmental pollution and introduction of 10% host communities derivation fund as ways to check these conflicts and destructive tendencies of these militias.

Keywords: Militancy, Oil Exploration, Budget, Niger Delta

INTRODUCTION

In Nigeria today and probably the world at large, crude oil remains one of the few resources that attract attention and this as noted by Nwabuzor (2001) has caused prospecting companies to struggle for exploration once the product is discovered in commercial quantities. With the discovery of crude oil in commercial quantities in 1956, engagements in agricultural sector that was the originally the mainstay of the country's economy in the early 50s and 60s began to be neglected and consequently, production started to dwindle. Frynas (1999) observes that poor management, insensitivity of our leaders, poor grasp of the structure of global economy and embezzlement of about \$12.5 billion crude oil proceeds from the first Gulf War in 1990 and 1991

and the Federal Government's inability to account for \$12.2 billion crude oil proceed between 1988 and 1994 accounted for some of the factors that heightened tension and gave rise to a number of unrest in the Niger Delta region. These unresolved allegations perhaps prompted the emergence of groups agitating for compensation for years of ecological and environmental damages/pollution of their ancestral homes. Bombings, kidnapping and other forms of attacks on oil and gas facilities by the Niger Delta militants especially the recently formed Niger Delta Avengers (NDA) brought crude oil and gas production to a ridiculous level thus heightened the fear and dashed the hop of full implementation of 2016 federal budget. The unabated bombings and kidnapping in the region were indications that the government failed to grasp and appreciate the nature of challenges facing revenue generation from the oil

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sector. Baird (2010), submits that about 9 to 13 million barrels of oil were spilled since 1958 when the exploration commenced. Baird (2010) notes further that corrosion of pipelines and tankers accounted for 50% of these spillages while sabotage, mainly from host communities, was responsible for 28%. Operation of oil prospecting companies caused spillages of 21% while inadequate/non-functional production equipment accounted for just 1%.

N5.72 trillion was the expected revenue distributable to the various arms of governments while the projected net oil receipts amounted to N1.48 trillion or 25% and non-oil net receipts estimate amounted to N4.24 trillion or 75%. The inability of the government to possibly draw from the wells of experiences of the predecessors on strategies to handle the agitations and down tension further crippled the production of crude oil and gas.

STATEMENT OF PROBLEM

Various researches have been conducted on the activities of militancy on oil and gas production in Nigeria and the impact such had on the socio-economic well-being of the populace. However, evidence abound that there has not been empirical study that had tied, specifically, the consequences of such militancy on oil production and budget implementations. Nigeria has been subverted by the very thing that gave it hope – crude oil and gas. Nwabuzor, (2001) reports that 95% of the country's export and 80% of its revenue are earned from crude oil. A recently released United Nations report indicated that from Libya to Indonesia, Nigeria rated below all other major oil producing nations in terms of quality of life, (Tom, 2016). The World Bank categorised Nigeria as a "fragile State beset by risk of armed conflict, epidemic disease and failed governance". Niger Delta militants' activities in particular, have, for over a decade, inflicted economic, socio-cultural, financial and humanitarian tragedy on the economy of the country and behavioural catastrophe on the citizens of the host communities. The crisis took a dangerous dimension with an increased bombing and destructions of pipelines and oil fields/stations by the Niger Delta Avengers (NDA). The immediate effect this was a drastic drop on the estimated crude oil production level of 2.2 million barrels per day to fluctuating production levels of 1.7 and 1.8 million barrels per day. This noticed lacuna justifies the present efforts to review the implications of Niger

Delta militancy on oil and gas production and federal budget of 2016.

OBJECTIVE OF THE STUDY

The general objectives of the study are to review and describe the implications of Niger Delta Militancy on exploration of oil and gas and the effect such attacks caused on Federal Budget of 2016.

SIGNIFICANCE OF THE STUDY

The unique structure of the country's economy has placed a direct relationship between oil revenue, developments and economic wellbeing of Nigerians. This study has evaluated the implications of destructions by the Niger Delta Militants on oil and gas facilities on 2016 budget estimate and agreed that insensitivity, greed and lack of political will to address the various sources of grievances to promote social and economic equality were some of the immediate causes of militancy in the Region. These articulations would be relevant in transforming and re-structuring the oil and gas industries in particular and the country's political structure in general. This would also be valuable to students, scholars and intending researchers on oil and gas sectors of the Nigerian economy.

CONCEPTUAL FRAMEWORK

Historical Formation of Niger Delta Militants

Niger Delta comprises of Abia, Akwa-Ibom, Bayelsa, Cross-River, Delta, Edo, Imo, Ondo and Rivers states. Conflicts in this region began in the early 1990s when foreign oil corporations were accused by some minority ethnic groups in the region of negligence, exploitation and environmental degradation. The unrest spanned through the 1990s causing the militarisation of the region by the ethnic militia groups and the country's armed forces.

Environmental pollution caused by oil spillages, gas flares and perceived long period of neglect craved the attention of the youths in the region to emotionally and sentimentally, unite their members on the basis of ethnicity to fight for economic emancipation. One of the most prominent Movements for liberation was the Movement for the Survival of Ogoni People (MOSOP) founded in 1990 by Ken Saro-Wiwa. The Activist was later arrested and killed with eight others of Ogoni extraction by a specially convened tribunal, hand-

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picked by the then Head of State, General Sani Abacha on 10th November, 1995, (Mathiason, 2009).

The action of November 10th 1995 was perceived as a calculated federal intimidation and it increased the consciousness of the youths in the Region and formation of militias continued to swell. One of the largest militia in the region then was Movement for the Emancipation of the Niger Delta (MEND). Hanson, (2007) notes that MEND seemed an umbrella body for several other armed groups that tailored their agitations on exposing the oppression and exploitation in the Niger Delta by the Federal Government and oil companies. MEND suffered several accusations of masterminding many attacks on oil operations in Niger Delta through sabotage, theft, property destruction, guerrilla warfare and kidnapping of oil workers, applying sophisticated tactics of swarm-based manoeuvres, radically improved fire-power and effective use of system disruption, (Howden 2006). The targets of MEND as recorded by Howden (2006) were total control of resources under the ground and to obtain reparations from the Federal Government for environmental pollution and degradation.

The region became militarised by ethnic groups competing for oil wealth. Between 1998 and 1999, Ijaw Youth Council (IYC) was formed with the issuing of the Kaiama Declaration calling all oil companies within Ijaw-land to suspend operations and withdraw from Ijaw-land (Howden 2006). The struggle was tagged "Operation Climate Change". The formation of these militants continued even after the establishment of Niger Delta Development Commission in 2000 by President Olusegun Obasanjo to develop the petroleum rich Niger Delta region of Southern Nigeria. In 2003 and 2004, the Niger Delta People's Volunteer Force (NDPVF) led by Mujahid Dokubo-Asari and the Niger Delta Vigilante (NDV) led by Ateke Tom, both from Ijaw extraction emerged with the same agitations and struggle (Human Rights Watch, 2005). In 2012, kidnapping and piracy became the operational strategies of MEND (Nigeria's Shadow Oil Rebels, 2016).

Lop-sidedness in the allocation and ownership of oil blocks and government's unwillingness to address the agitations and injustices caused frustration among the youths to form more deadly militias. Senator Enang, while reacting to Northern Senators' opposition to 10% oil host community fund during the debate on Petroleum Industry Bill (PIB), and what seemed supportive of the militants' activities, revealed that "83% of Nigeria's oil blocks are

owned by Northerners" Onyedi and Sanni (2013). According to the Senator, Niger Delta produces oil while it is the people of the Northeast, Northwest and few from the North-Central that control the blocks, and almost nothing for Southeast and Southwest. This, the Northern Senators frowned at; a situation that perhaps, the people of the Niger Delta perceived as a deliberate calculated strategy to continue to enslave them with their God-given resources.

Ownership of oil blocks in Nigeria is a lucrative business that generates enormous wealth and as a result, the operators determine who governs and by extension, influence economic policies of the country. Akukwe, (2012) reports that efforts directed at investigating the activities of the sector had always been unsuccessful. The operators, according to Akukwe (2012), are wealthy, well connected nationally and internationally and so powerful that their patterns of grafts for ceremonies involving any government and non-government officials within and outside the shores of the country are in millions of hard currencies.

United Nations Development Project (UNDP) and World Bank, (1995) submit that productivity losses arising from environmental pollution, occupation displacement due to oil spillages triggered formation of militia in the Niger Delta region. The effects of these in the words of Anikpo, (1998) were poverty, hunger, afflictions of strange diseases and stagnation of development. Olasupo, (2013) argues that militancy in the Niger Delta region was significantly caused by frustration of deprivation and threat to personality. This indicates that the occurrence of aggressive behaviour depends on the existence of persistent frustration and denial of rights.

Absence of infrastructural and social services in the region, long period of neglect in all facets of developments and non recognition of their sons and daughters for political appointments to top positions are associable factors for formation of militants in the Niger Delta Region. A survey conducted by Niger Delta Environmental Agency in 1997 and reported by Ikelegbe, (2008) noted that absence of motor-able roads, electricity, health-care, educational facilities and prevalence of poverty as factors propelling the ever increasing rate of militia and agitations for resource control in the region.

Ikelegbe, (2008) in Olasupo, (2013) reports that environment degradation caused by oil spillage and gas flares have devastated the land and water hence a decline in agricultural produce, loss of soil

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fertility, forest loss, fisheries decline and biodiversity depletion. Nore and Turner (1980) affirm that, world over, Nigeria flares more gas than anywhere else and consequently, aquatic stocks and physical structures such as buildings are destroyed. Olasupo (2013) traced restiveness, anger, frustration, bitterness and aggression through militancy against the government and oil companies to the decline of derivation based resource flow from 50% in 1966, 45% in 1970, 1% in 1977, 2% in 1982, 1.5% in 1984, 3% and 13% in 1992. There is a limit to oppression and slavery. The glaring and obvious celebration of atrocities and hatred by the Federal Government and oil prospecting companies as well as total exclusion from their God-given natural resources increased the growth of militancy in the Niger Delta region.

ESTABLISHMENT OF AMNESTY SCHEME

With the creation of Presidential Amnesty Programme (PAP) on 26th June, 2009, violence, militancy and kidnapping decreased sharply as crude oil production and exports increased from 700,000 barrels per day in 2009 to between 2.2 and 2.4 million barrels per day since 2011, (Baird, 2010). What seemed the end of hostilities and illicit activities of the youths in the region re-surfaced in February 2016 with the formation of a new militant group known as Niger Delta Avengers (NDA). The strongly armed with improved operational strategies militia emerged with numerous demands among which is the immediate implementation of the National Conference Report of 2014. The militants in their series of threats vowed to cripple the economy of Nigeria if their demands were not met. They blew off a number of crude oil flow stations/lines connecting scattered oil fields, bringing production and exports of petroleum products to a pathetic and ridiculous state. Gregory, (2016) believes that the reduction of subsidies to militia groups, glaring lopsided appointments and outright cancellation of oil pipelines surveillance contract by the All Peoples Congress (APC) - Buhari led government contributed to the recent militancy.

Niger Delta and Oil Exploration in Nigeria

Frynas (1999), reports that Shell-D'Arcy which later changed its name to Shell-BP discovered oil in commercial quantity at Oloibiri in the present Niger Delta region in 1956. The first consignment was shipped in 1958 while Shell's Bonny Terminal was

commissioned in 1961. Niger Delta comprises 70,000km² of wetlands mainly formed by deposit of sediments and it has about 40 different ethnic groups, (Frynas, 1999). The environment can be grouped into four unique ecological zones – coastal barrier islands, mangrove swamp forest, fresh water swamps and lowland rainforests. It has well-endowed ecosystem and contains high concentration of bio-diversity.

Ogoni land alone is approximately 404-square mile (1,050km²) in the southeast of the Niger Delta Basin and in 1967, economically viable petroleum deposit was found to exist there. As a minority ethnic group of about half a million in population and without consultation and reasonable compensation, government began forcing them to vacate their ancestral home to oil prospecting companies. This forceful eviction was not resisted as the communities saw it as a sacrifice that may eventually develop them and the country at large. Faithful interpretation you may conclude which was never to be.

Crude oil production level of 2 million barrels per day was recorded by late 60s and early 70s. NNPC, (2016) reports that the figure rose to 2.5 million barrels per day in 2004, and with this record, the country's economy expanded immensely paving way for the downstream industries to key-in and continue to grow the economy. Competition for oil proceeds caused terrorism and conflict among those living in the oil producing region, (Blench, 2004). Profits accruing from oil production were shared by few government officials and to be part of the sharing few or expand the sharing scope, militancy grew by ranks. This led to series of agitations and insistence by host communities of Niger Delta region that oil companies must compensate them. The Ministry of Petroleum Resources (1997) submits that 159 oil fields and 1481 oil wells are in the coastal Niger Delta Basin encompassing 78 of the 158 oil fields. An extensive, well-planned and developed interconnectivity of pipelines were laid to link numerous small oil fields scattered around the region for the purpose of transporting crude from the various drilling points/fields. Nwabuzor, (2001) submits that Bonny Light, Qua Ibo, Upid, Escravos blend, Brass River, Odudu blend, Forcados, Pennington Anfam and Ukpakiti are the main classification of the country's oil deposits.

On international note, Nigeria became a member of Petroleum Exporting Countries (OPEC) in 1971. The country is also richly endowed with natural gas reserves of well over 187 trillion ft³ (2,800km³),

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three times in quantity as the crude oil reserve, (Frynas, 1999). The influence of Nigeria as the biggest oil producer in West Africa and the 6th World oil supplier is linked to oil discovery and this positioned Nigeria as a key player in the World and Regional politics (Angela, 2017). Anikpo, (1998) believes that these obstacles to developments and realisation of set individual and collective aspirations created frustration. Faleti (2006) in Olasupo (2013) argues that the behaviour of Niger Delta people is frustration induced.

BUDGET ESTIMATE OF 2016

On account of uninterrupted daily crude oil production of 2.2 million barrels, a budget of 6.07 trillion naira was proposed by the Federal Government. The budget tagged "budget of change" focussed on macro-economic policies using Zero Based Budgeting (ZBB) method to achieve economic growth. The targets of the budget were to reform the Economy, Infrastructural development, Social Development, Security, Environment and States/Regional Development. The budget estimate was premised on oil price benchmark of \$38 per barrel and at an average Exchange rate of N197/\$. Expected net oil receipts was N1.48 trillion (25%) and non-oil revenue of N4.22 trillion (75%). The GDP Growth Rate Projection of the budget was 4.37% with a total capital expenditure of N1.846 trillion. Udoma, (2016) highlighted ministries with higher allocations to include: Works, Power and Housing, N433.4 billion; Education, N369.6 billion; Special Intervention Programme, N300 billion; Defence, N294.5 billion and Health, N221.7 billion.

The degree of pipeline ruins and oil theft by the militants especially the Niger Delta Avengers (NDA) brought production level to half a million barrels per day (Enyeribe, Adewale & Emmanuel 2016).

EMPIRICAL FRAMEWORK

USIP (2007), Alao (2007) conclude that reports of empirical researches indicated a strong positive relationship between regional struggle for resource control and conflicts. The positive correlation is influenced by the obvious and glaring denial of host communities' inclusion by the central government. Corroborating this assertion, De Soysa (2002), Blench (2006) submit that most conflicts in Africa are resource control orchestrated. Angela (2017) submit that countries such as Nigeria, Liberia,

Sudan, Angola, Chechnya and Indonesia whose revenues depend on exportation of primary goods especially oil are likely to experience more conflicts.

THEORETICAL FRAMEWORK

The paper adopts Frustration–Aggression (F–A) and Primordial theories to explain factors responsible for the increase of militants in Niger Delta Region. The former discusses the cause of violence and submits that frustration often results in aggression. The theory, developed by Dollard, Doob, Miller, Mowrer and Sears (1939), argues that "frustration causes aggression, but when the source of the frustration cannot be challenged, the aggression gets displaced onto an innocent target". Individuals or groups become aggressive when set goal is frustrated. When a goal is maliciously blocked, mocked and/or unduly interfered with, it causes irritation, restiveness and eventually frustration. Aggression according to Dollard *et al* (1939) is a malicious behaviour or attitude towards someone or something, usually triggered by frustration.

Degree of aggressiveness implies that the closer a person/group/community is to a target/goal that is deliberately, consciously and without regard thwarted, the more frustrated and aggressive as a result of the blocked expectations and excitement of the pleasure associated with accomplishing the goal. Mark and Ervin (1970) corroborate that aggression is the parameter with which the degree of frustration is determined, evaluated and measured.

Sheriff (1953) submits that when a society is polarised along groups/tribes, the direction of prejudice, hostility and hatred is typically from the major groups to the down trodden and the deprived. Similarly, Berkowitz (1969) adds that frustration can only instigate aggression when it is accompanied with threats that involve some elements of personal or community attacks.

Similarly, Primordial Theory contends that ethnic and regional affiliations shape behaviour to search for allies and that those not within the fold are, sentimentally tagged enemies that should not be cooperated with. Admitting this theory, Sheriff, Ghali, Sadeeque and Farouq (2014) agree that the inability of the Niger Delta Region to obtain a special allocation from the oil revenue as it was done to the North before the emergence of oil created competition and conflicts between the Indigenous People of Niger Delta and the rest of the country.

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Militancy in Niger Delta is triggered by frustration emanating from two major factors: malicious blockage of development of the region deliberately and ethnic affiliation to attack a common enemy (dominants and mighty groups).

EFFECT OF MILITANCY ON OIL AND GAS EXPLORATION IN NIGER DELTA

Persistent bombings of oil facilities by the Niger Delta Militants especially the Niger Delta Avengers deepened concerns on the fate of and affected the estimated daily production level of 2.2 million barrels needed to finance N6.07 trillion 2016 budget estimate. Expected distributable revenue of N5.72 trillion at crude oil benchmark price of \$38 per barrel and an average exchange rate of N197/dollar comprised of Main Federation Account revenue of N4.303 trillion and N1.416 trillion from the Value Added Tax (VAT) Pool account. Of the expected distributable revenue, projected net oil receipts was N1.48 trillion or 25% while projected net non-oil revenue was N4.22 trillion or 75%. States and Local Governments were expected to share N3.24 trillion while the Federal Government was expected to receive N2.48 trillion, (Enyeribe, Adewale and Ogoigbe, 2016). The budget also faced the challenges of global poor crude oil prices and low export arising from the recent Shale oil production in America. With these expectations, the Niger Delta Avengers struck with a devastating blow on the oil and gas industries for which hydrocarbon production plummeted. Reports from the Nigerian National Petroleum Company (NNPC) inform that Nigeria has a maximum oil production capacity of 2.5 million barrels per day and it is ranked the

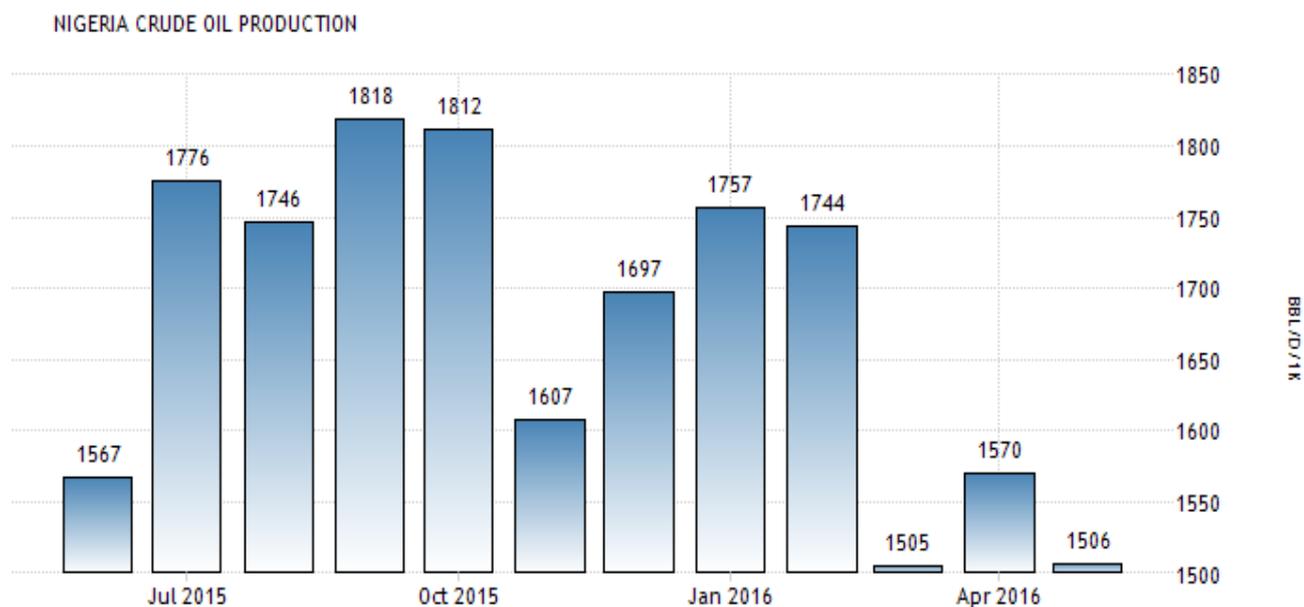
highest and largest oil producer in Africa and the sixth largest in the world. The potential in gas, according to the report, is greater than oil. Enyeribe *et al* (2016) argue that at least 40 major pipelines had been destroyed in the Niger Delta by the Niger Delta Avengers (NDA) since the commencement of hostility by the militant. Specifically and as reported by Enyeribe *et al* (2016) that Soku Gas Plant operated by Shell and Chevron's RMP23 and RMP24 at Bibi was already destroyed and vandalised by the NDA.

In successive coordinated attacks, RMP23 and RMP24 are the Shevron's swamp highest producing wells and for the second time, using sophisticated weapons and guerrilla tactics, the militants bombed the 48-inch Shell Petroleum Development Companies (SPDC) export line at Forcados Terminal in Burutu, Delta State, (Enyeribe *et al* 2016). The effect of these bombings was the tremendous drop in oil productions from the projected 2.2 million barrels per day to fluctuating average production levels of 1.3 million barrels per day.

Akpan, (2016) notes that on May 10th 2016, Shell Petroleum Development Company of Nigeria Limited closed Nembe Creek Trunk line to Bonny Light exports following pipeline leaks caused by terrorism, strikes, sabotage and lack of maintenance. Resentment towards the oil companies and the Nigerian government orchestrated frustration and youth restiveness and these culminated into militancy, strikes and sabotage. The chart below shows Nigeria's crude oil production from July 2015 to April 2016 as reported by Organisation of the Petroleum Exporting Countries (OPEC).

Figure 1: Nigeria's Crude Oil Production (July, 2015 – April, 2016)

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Source: Organization of the Petroleum Exporting Countries: (2016); www. Trading Economics .com

From Figure 1, crude oil production during this period staggered from 1567 barrel per day in July 2015 to 1812 barrel per day in October, 2015. It dropped to 1607 barrel per day and later rose to 1757 barrel per day in January, 2016 and later slumped to 1505, 1570 and 1506 barrel per day in April 2016. These instabilities and fluctuations in

crude production were primarily attributed to persistent attacks on oil installations by the militants, (Akpan, 2016). Table 1 depicts the actual daily production of crude oil production in 2014, 2015, 2016 and 2017.

Table 1: Actual average daily crude oil production from 2014 to 2017 in millions of barrels

Months	Years			
	2014	2015	2016	2017
January	2.47	2.407	2.159	1.849
February	2.42	2.269	2.120	1.869
March	2.37	2.152	1.993	1.730
April	2.42	2.165	2.010	1.780
May	2.32	2.139	1.673	1.900
June	2.42	2.025	1.811	1.945
July	2.47	2.122	1.764	2.022
August	2.52	2.088	1.694	2.070
September		2.225	1.726	2.095

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	2.47			
October		2.198	1.854	2.080
	2.32			
November		2.226	1.984	2.120
	2.44			
December		2.159	1.684	2.145
	2.44			

Sources: Energy Information Monthly Review, May, 2017 & Nigeria Crude oil Production Historical Data, 2018

Table 1 indicates that in December of 2014, 2015, 2016 and 2017 daily crude oil productions were 2.44, 2.159, 1.684 and 2.245 million barrels respectively with 2016 recording the lowest production output as a result of militancy. The effect of militancy on crude oil production continued up to mid 2017 when production stepped up to 2.022 million barrels per day in July. Prior to massive bombings and unrestricted attacks by the Niger Delta Avengers, production in 2014 and 2015 closed at 2.44 and 2.159 million barrels per day respectively.

Destruction of oil and gas facilities by the Niger Delta Militants: How such affected full implementations of budget 2016 estimate
The Federal Government budgeted N6.07 trillion for the 2016 fiscal year. Udoma (2016) explained that the main trust of the budget remained the achievement of economic growth using Zero Based Budgeting (ZBB) method to evaluate all priority projects with new inputs. The Minister of Budget and National Planning, Senator Udo Udoma, as reported by Enyeribe *et al* (2016), stated that from the budget estimate, N350 billion was set aside to tackle infrastructural challenges while N35.6 billion was for construction of 1,973 blocks of 7,068 Housing Units in all the six geo-political zones and FCT. On interventions and palliatives, Lalolu Akande, Senior Special Assistant on Media and Publicity to the Vice President, explained that N68.7 billion was appropriated for monthly payment of one million extremely poor Nigerians for one year while N40.3 billion was for the provision of soft loans for 1.7 million market women and traders and N191.5 billion for the training of 100,000 artisans. N93.1 billion was for feeding at least 5.5 million Nigerians under the Home-grown School Feeding Programme and N5.8 billion to be expended directly on students of tertiary institution to encourage the study of science, technology, engineering and mathematics. In addition to these palliatives, the 2016 budget also

captured other areas requiring billions of naira such as Abuja – Kano and Lagos – Calabar railway lines, power sector, roads among others.

Considering the degree of destructions of oil and gas facilities particularly by the Niger Delta Avengers (NDA) and other ethnic militias in the Niger Delta region and the attendant loss of revenue arising from reduction in crude oil production as shown on table 1, some projects captured in the 2016 budget were either dropped or not fully implemented. Enyeribe, (2016) stated further that unrestricted bombings of gas pipelines forced micro-enterprises that depended on public power supply to close shops and this plunged the economy into a state of comatose. On diversification, Ochereome (2016) argued that the pursuit of this policy by the government was not feasible since diversification is hinged on oil with oil money.

On revenue generation, Eboh, (2016) said that Nigeria lost about N1.0 trillion to renewed attacks on oil and gas facilities by the Niger Delta militants. Reports from Central Bank of Nigeria (CBN) and cited by Eboh (2016) indicated that the first quarter of the year recorded crude oil production figure of 1.82 million barrels per day as against the projected production level of 2.2 million barrels per day. This is about 380,000 barrels per day shortfall while the second quarter recorded a shortfall of 600,000 million barrels per day as production was 1.6 million according to the Minister of State for Petroleum Resources.

The breakdown showed that between January and April 2016, Nigeria lost N51.388 billion to pipeline vandalism according to NNPC report of April, 2016 and cited by (Ebo, 2016). This unabated attack on oil and gas facilities negatively and enormously impacted on the economy. The NNPC in its Monthly Financial and Operations Report for April, 2016 revealed that N33.994 billion was spent to fix vandalised oil pipelines while N10.335 billion

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worth of crude oil was lost to vandals. From the report, crude oil losses from January to April 2016 were 61.06% of the total crude oil loss of N16.925 billion recorded from May 2015 to April 2016. Pipeline repairs and management for the period, May 2015 to April 2016 was 36.3% of the total loss of N93.649 billion.

Between January and April 2016, 16.3% (N51.125 billion) of the total sum of N313.652 billion was lost to pipeline vandals and crude oil disruptions. Similarly, activities of the militants also hampered crude oil sales by Nigerian Petroleum Development Company, a subsidiary of NNPC. From the NNPC reports, from January 2016 to June 2016, NPDC lost N100 billion, an average loss of N20 billion monthly revenue due to vandalised and yet to be repaired Forcados pipeline.

On power sector, needed electricity was in short supply as over 1,500 megawatts was lost through pipeline destructions and this directly affected all the productive sectors of the country's economy. The Corporation also reported about the plans of major refineries across the globe to stop crude oil purchase from Nigeria for fears and perceived poor delivery periods and quantity except attacks on oil and gas facilities are permanently halted.

The cumulative cost of these challenges, according to analysts and reported by Eboh, (2016) was that the N6.07 trillion budget was a deficit one financed with domestic and foreign loans of N984 billion and N900 billion, respectively totalling N1.84 trillion. Already, some states and local governments owed workers their salaries and wages for months due to reduction in Federal allocation as a result of decline in revenue generation.

GAP IN THE KNOWLEDGE

From the related literature reviewed, there appears to be dearth of empirical collections on the impact of Niger Delta Militancy of oil and exploration and how such destructive activities affected full implementation of Federal Budget of 2016 specifically. It is therefore this identified curiosity that justified the efforts to review the effect such destruction and vandalism of oil and gas facilities caused on 2016 Federal budget estimate.

Research Methodology

Research Design

The research adopted descriptive research design and secondary sources of information/data are used to review, describe and investigate the context especially the causes of militancy as it affected 2016 budget estimate.

Deductions

The study noted that the emergence of militants in Niger Delta and the destructions by the NDA particularly affected crude oil and gas production and to that extent affected the implementation of 2016 budget estimate. The study noted the following as factors that triggered hostilities in the Niger Delta Region:

- Majority of the shareholders in the profits from oil and gas proceeds were government officials.
- Pollution of the ancestral homes and environmental degradation of the Niger Delta Region.
- Non-implementation of National Conference Report of 2014
- Reduction/cancellation of subsidies to militia for pipeline surveillance contract
- Opposition of 10% host community fund to be drawn from the Federation Account by mainly Northern Senators.
- Lopsided distribution and allocation of oil wells, poverty/stagnation of community development occasioned by occupational displacement and productivity loss as well as collapse of infrastructural/social services in the region.

These deductions and observations were in agreement with the findings of Dollard *et al* (1939), Mark and Ervin (1970), Sherif (1953) and Berkowitz (1969) that aggression is associated with deprivation of expectations by the mighty and dominant, opposition to legitimate demands, display of hatred and threats that may involve some elements of personal and/or community attacks.

CONCLUSION

Given the economic significance of crude oil to the development of Nigeria's economy and the pathetic and pitiable environmental conditions of the Niger Delta region created by pollution from oil spills due to long period of neglect by the oil companies and the government, the study summed that the approach of APC led government towards Niger

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Delta crises was evidently and grossly inconsistent with the desire to implement the six pillars on which budget 2016 was anchored – Economic reforms, Infrastructural provision, Social development, Good Governance and Security, Environment and States/Regional developments. Beating drums of war heightened tension and made the political, economic and social environments more hostile, unstable and unfavourable for foreign investors. Threats of ‘crush and grind’ the militants militarily to sustain peace failed to guarantee non-formation of new ones in the future. It was in this light that Ochereome (2016) argued that “the Niger Delta people’s consciousness of their oil and its place in the economic wellbeing of Nigeria and Nigerians and their right to resource control has grown in leaps and bounds”. They have realised the obvious denial, marginalisation, persistent intimidation and therefore are more organised than ever to frustrate further skimming out of their God given resources in their ancestral home. There is the need to empathise with them and show more concern and perhaps revisit the 1966 resource based derivation pattern of 50%. The North as the prime beneficiary of oil from Niger Delta as reported by Senator Udo Udoma must embrace the global practices of restructuring to promote competition required for the economy to grow.

SUGGESTIONS

For the success of future budgets in Nigeria, successive governments need to recognise the following:

- Continuation of the Amnesty Programme for voluntary disarmament of the militants and award of contracts to safeguard the network of pipelines in the Niger Delta to leaders of various militants and host communities rather than military operations.
- Provision of infrastructural facilities such as functional hospitals, good roads, schools, political empowerment through appointment to positions of leadership, direct financial empowerment to the oil communities in collaboration with the oil prospecting companies as well as organisation of bi-annual summit to evaluate various projects/programmes undertaken by the governments in the Niger Delta region.

- Re-distribution/allocation of oil wells/blocks in line with the federal character principle to minimise ownership domination by a section of the country, thereby reducing poverty and community stagnation brought about by occupational displacement and productivity loss.
- A revisit of the 2014 National Conference and possible implementation of areas that can guarantee sustainable peace and harmonious co-existence in the country.
- Introduction of programmes to control and check environmental pollution and degradation within the Niger Deter Region.
- Approval of 10% host community derivation fund and recognition of the people as key players in the oil and gas industries.
- Return to Regional System and total restructuring of the country to give Regions more autonomy over their resources. This would encourage competition among the Regions with each developing at her pace.

In the interim, government could focus on broadening the revenues of non-oil sectors by way of tax to increase the revenue base through the operations of Federal Inland Revenue Services (FIRS). However, this measure is counter-productive as it is likely to weaken the entrepreneurial activities in the economy since the economy revolves around the central revenue web of the government mainly generated from the oil sector.

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