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The Impact of Insurgency on Oil Multinationals in the Niger Delta and Energy Security of Nations, 1999-2009

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Abstract

The exploitation of crude oil in the Niger Delta in 1956 established the region as the hub of the oil industry in Nigeria and the mainstay of the country's economy. However, environmental degradation engendered by oil multinationals and the unfair distribution of oil proceeds generated agitations and protests from the oil-bearing communities. The accumulation of grievances by the oil communities developed into insurgency against the oil companies and the federal government. These resulted in devastating destruction of oil installations and facilities. This paper highlights the impact of the insurgency on the oil companies and international energy supply. Data were generated from secondary sources: magazines, textbooks, newspapers and materials sourced from the internet. It was established that oil multinationals in the Niger Delta suffered gravely from the insurgency. The losses were in the areas of destruction of oil installations and facilities; kidnapping and abduction of employees; shut-ins and shut downs with production and revenue losses and increased cost of doing business due to the insecurity engendered by the insurgency. International energy supplies were also disrupted resulting in spikes in the prices of crude oil at the international market. To stem the tide of insecurity in the Niger Delta, paper recommended improvements in infrastructural and human development in the Niger Delta; interventions on environmental remediation programmes in the region and allocation of more resources to the region.

Key words: Niger Delta, Nigeria, insurgency, oil multinationals, kidnap

I. Introduction

The Niger Delta has been host to multinational oil firms since the discovery of oil in Oloibiri in present-day Bayelsa state in 1956 and subsequent production in commercial quantities in1958. Oil became the dominant export and the mainstay of the Nigeria economy in the 1970s, upstaging agricultural products as the major foreign exchange earner. While oil generated petro-dollars for the federal government, the brunt of its production is borne by local communities hosting oil facilities in the Niger Delta. The impact of oil production on the host communities and the environment and the unfair distribution of oil revenues created uneasy relations between oil-bearing communities and the federal government and between the communities and multinational oil firms. The soured tripartite relations between communities in the Niger Delta, the federal government and multinational oil companies increasingly assumed the form of resistance through protests and litigations. These contentious engagements characterized relations between aggrieved host communities and oil multinationals as complaints mount in the face of inadequate government response. Consequently, relations degenerated to conflicts with devastating economic consequences on the country and the operations of multinational oil companies.

Government's alliance with the oil multinationals and its resort to brute and repressive force to silence the host communities eroded the peoples' confidence and reliance on government for solutions to their grievances. Consequently, the repressiveness of government agencies was increasingly met with resistance and intensification of agitations. The hanging of Ken Saro-Wiwa and his kinsmen in November 1995 and the brutal military repression of Ogoniland, the killings in the aftermath of the Kaiama Declaration of 1998 and the repressive measures adopted by government led to the formation of ethnic militias and the insurgency in the Niger Delta **(Ibaba, 2018)**.

Umeje (n.d) observed that violence erupted in the Niger Delta in 2006 as the Movement for the Emancipation of the Niger Delta (MEND) militants overran oil platforms, blew-up oil facilities and kidnapped foreign employees of Shell and killed a number of Nigerian soldiers. According to **Umeje (n.d)**, the demands of MEND were a restoration of the oil polluted Niger Delta environment, local control of oil resources and improved standard of living for the people of Niger Delta. **Umeje (n.d)** stated that Western transnational oil corporations dominate the production of crude oil and operate joint venture partnerships with the federal government through the Nigerian National Petroleum Corporation (NNPC). But, according to **Umeje (n.d)** the NNPC and its subsidiaries were dominated by elites from majority ethnic groups at the expense of people from the oil-bearing minority ethnic groups of the Niger Delta. **Umeje (n.d)** noted legal provisions that transferred land ownership from oil-bearing communities to the federal government and the appropriation of a greater percentage of the revenue generated from oil as fundamental grievances of local communities and elites of the Niger Delta.

Newsom (2011) attributed the insurgency in the Niger Delta to development deficit in oil-bearing communities. **Newsom (2011)** noted that the resources at the disposal of the main oil producing states of the Niger Delta: Bayelsa, Rivers, Delta and Akwa-Ibom were sufficient to make a positive impact on development. He however noted that in spite of the huge resources at the disposal of these state governments, the people are among the poorest in the country as 51% of people in these states live on $2 or less a day. He pointed to lack of safe drinking water, high infant mortality and lack of access to quality education as indicators of poverty resulting from bad governance and corrupt leadership in the region.

According to **Igwe (2020)** the Nigerian economy is dependent on oil revenue as 95% of export earnings are derived from that source alone which finances 70% of government budget. **Igwe (2020)** however observed that oil producing communities in the Niger Delta live in squalor and abject poverty. This deplorable condition of living, according to **Igwe (2020)** disposes them to initiate violence against government and multinational oil corporations. He cautioned against stoppage of the Presidential Amnesty Programme (PAP) as it will plunge the region into another round of conflict and a return to full-blown hostilities. **Igwe (2020)** therefore advocated for a review of the PAP to make it more responsive to the needs of stakeholders and reduce the incidents of corruption in the management of the programme.

A random survey of the literature reflects the focus of extant discourse on the insurgency in the Niger Delta. It is primarily concerned with establishing the reasons for the insurgency in the region to the neglect of the impact of the insurgency on multinational oil companies in the Niger Delta and the effects on international energy supply. This paper is aimed at filling this gap in the literature.

The Niger Delta

The Niger Delta region is the southern end of Nigeria and is one of the largest wetlands in the world **(Azaiki, 2022; Ibeanu, 2000)**. It is estimated to be 70,000 km^2 and is bounded by the Atlantic Ocean **(Azaiki, 2022)**. The topography of the area is made of marshy wetlands traversed by mangroves, swamps, lowlands and rain forests, rivers and rivulets, creeks and estuaries making up its fragile ecological system. The Niger Delta is rich in oil and gas resources and host to multinational oil companies engaged in oil prospecting and exploitation which is the main-stay of the economy of Nigeria. According to **Imobighe (n.d)**, oil and gas sourced from the region 'account for 95% of export receipts, 90% of foreign earnings and 80% of government revenue'. The region is bounded by the Atlantic Ocean and shares boundary with the south east states in its eastern flank and states of the south west in its western end. The Niger Delta is ethnically diverse as Ijaws, Efik, Ibibio, Edo, Urhobo, Igbo and several other ethnic groups coexist in the region. The 2006 national population census puts the population of the region at 25 million.

A precise delimitation of the area is difficult as it is dogged by controversy. Abia and Imo states in the south east region and Ondo state in the south west region are also classified as forming part of the Niger Delta region **(Azaiki, 2022)**. The Niger Delta Development Commission (NDDC) Act of 2000 gave official recognition to this position. The Act provides for an elaborate definition of the Niger Delta to include all nine oil producing states in the country **(NDDC Act, 2000)**. The other dominant school of thought views the Niger Delta as being synonymous with the south south region of the country **(Eregha & Irughe, 2009)**. This lack of common understanding has generated the concept of core Niger Delta states (Akwa Ibom, Bayelsa, Delta and Rivers states) which has gained currency **(Asuni, 2009)**.

This paper steers away from this controversy and limits its scope to three of the Niger Delta states: Bayelsa, Delta and Rivers, which were the epicenter of the insurgency.

Problem Statement

Insecurity is a disincentive to investment. Insecurity adds to the cost of doing business and constitutes a potent threat to investment. Businesses only thrive in a secure environment and suffer in an insecure environment. Insecurity therefore has grave and negative impact on investments. This is particularly the case when investments become the target of insecurity or conflict as was the case in the Niger Delta. It is not only investments that suffer during insecurity; the entire value chain of any business also shares in the disruptive impact of insecurity: the supply of goods and services are often obstructed, leading to shortages with consequent hardship to persons that are dependent on the goods and services produced.

Multinational oil companies were tremendously impacted by the insurgency in the Niger Delta. It resulted in production cuts, loss of investments and reduction in foreign investments in the oil industry with effects on government revenue and the economy of the country. The impact of the crisis were also felt by energy dependent nations as it created instability in oil supply and a spike in the price of the commodity at the international market. Therefore, a resolution of the crisis is in the interest of the country, the oil multinationals and the international community.

A change in approach and strategy in responding to the crisis is important to resolving the insurgency. The use of civil engagement in response to agitations by aggrieved communities will douse tensions generated by the application of force by government. The view that agitations in the Niger Delta is a challenge to the authority and sovereignty of the Nigerian state and therefore has to be dealt with militarily is unfounded. The use of dialogue and demonstration of understanding of the plight of host communities will build confidence on government interventions and discourage a resort to violence by local communities. Allocation of more resources to the Niger Delta by increasing the percentage accorded to derivation will go a long way to placate the continuous agitations for more resources. The participation of the people of the Niger Delta in the oil industry through employments and business opportunities will pacify the host communities as it will give them a sense of belonging and a stake in the oil industry. Massive government intervention to bridge the infrastructure gap will solve the infrastructure deficit in host communities. The failure of the Niger Delta Development Commission (NNDC) to make a decisive impact on infrastructural development in the Niger Delta directly contributes to the crisis in the region. The NNDC should be made to be more responsive to the development needs of local communities.

The period between 1999 and 2009 is important in the history of insurgency in the Niger Delta. The formation of the Ijaw Youth Council in December 1998 and the commencement of mobilization of Ijaw youths in 1999 were important developments in the evolution of violent agitation and insurgency in the Niger Delta. Late President Musa Yar'Adua made the historic proclamation of Presidential Amnesty for militants in the Niger Delta in 2009 which marked the cessation of hostilities in the region.

Theoretical framework

This paper adopts conflict theory as the framework of analysis. Conflict theory developed from the works of Karl Marx in the 19th Century. However, the theory has developed various models, all of which attempt to explain the causes of conflict in human society. Other proponents of conflict theory are Georg Simmel, Max Weber, Lewis Coser and Herbert Spencer. Some conflict theorists attribute the cause of conflict in society to competition for scarce resources. In his critical analysis of socio-economic relations in capitalism, Karl Marx argued that capitalism creates the division of society into two antagonistic classes: the bourgeoisie who owns the means of production and the proletariats who live by selling their labour. According to Karl Marx, the relations of these two classes to the means of production are the basis of their different interests which makes conflict inevitable in society.

According to Herbert Spencer, inequality in the distribution of resources is a primary cause of conflict in society **(Turner, 2014)**. He locates the origin of inequality in society to selection pressures and the efforts of a few to accumulate and centralize power at the expense of the generality of the people. Spencer argued that power centralization in the hands of a few facilitates inequality in the distribution of resources. Herbert Spencer noted that inequality resulting from lopsided allocation of resources in society generates internal threats to a social order. According to Spencer, elites increase centralization and consolidation of power in order to finance the maintenance of social control and limit threats to the social order. He posited that the circle of power and resource accumulation by a few and the threats to the social order is an unending process that causes conflicts in society.

Herbert Spencer's sociological theory of conflict offers an appropriate explanation to the insurgency in the Niger Delta. The foundation of conflicts in the Niger Delta is inequitable resource distribution in the Nigerian federation which the Niger Delta considers to be unfair and unjust to the revenue producing region.

II. IMPACT OF THE INSURGENCY ON MULTINATIONAL OIL COMPANIES

Introduction

It is reasonable to argue that the crisis in the Niger Delta that evolved into insurgency was part of the fallout of the dynamics of politics in Nigeria. Political agitations arising from demands of the south south governors provided the foundation for what became a full scale insurgency. The demands for fiscal federalism by southern state governors of the country set the stage for the political and legal contest between the states and the federal government in the famous onshore/offshore dichotomy case at the Supreme Court. The vociferous demands of the southern states and federal government's resort to legal interpretation and the political settlement were factors that gave birth to ethnic socio-political organizations that pursued the objectives of fiscal federalism by other means. The nexus can be established in the demands contained in the communiqué of the southern governors' forum in Enugu wherein they demanded that, 'resource control and derivation should henceforth be accepted as the basis for revenue generation and allocation' **(Charles-Obi, 2001, January)**. Resource control based on the principle of fiscal federalism formed a major plank of the demands of insurgent groups in the Niger Delta. The dearth of infrastructural development in the Niger Delta arising from lopsided allocation of resources in the country were shared grievances of the political class and the youths, who were possibly influenced by the stance of the political leadership in southern Nigeria.

Whatever the interplay of factors that bred the insurgency, the oil companies and servicing firms engaged in the oil industry were the subjects of attacks in the insurgency. All aspects of operations of the oil industry in the region suffered from the effects of the crisis. Some of the effects of the insurgency on the oil industry are presented.

Impact on facilities and installations of oil Multinationals in the Niger Delta

The primary target of the insurgents was to shut down the oil industry in the country. It was therefore not surprising that multinational oil corporations and their facilities in the Niger Delta became targets of attacks. There were several of these attacks in various parts of the Niger Delta with devastating impacts on the operations of oil multinationals.

The extent of destruction of facilities and installations of oil companies by insurgents were staggering by any standards. In a 2003 report, the Nigerian National Petroleum Corporation (NNPC) estimated the cost of insurgency between 1998 and 2003 to be as high as $1 billion dollar annually **(Watts, 2008 a)**. The losses increased to $6.8 billion dollars between 1999 and 2005. Between 1998 and 2003, the NNPC report noted that 400 vandalization of pipelines were recorded **(Watts, 2008 a)**. According to **Watts (2008 a)** about 20% of daily production of crude oil were lost as a result of attacks and vandalization. Again, the primary objective of the incessant attacks on oil facilities was to end operations of oil companies in the Niger Delta **(Ajaero, 2006, March)**.

In 2006, The Movement for the Emancipation of the Niger Delta (MEND), a deadly militant group launched twin attacks on Shell facilities located in Ekeremor Local Government Area of Bayelsa state and the Trans Ramos crude oil pipeline owned by the company. This necessitated a shutdown of the facility and a loss of 226,000 bpd in production from the incidents **(Agbo, 2006, January)**. Both major oil companies and their servicing firms were not spared in these attacks.

The spokesperson for The Movement for the Emancipation of the Niger Delta (MEND) clarified that the objective of the militant groups engaged in the insurgency was to stop the production of oil in the Niger Delta **(Agbo, 2006, January)**. In order to realize this objective, facilities and installations of oil companies were persistently attacked using explosives. Where there were incidents of sabotage resulting in massive spillages, companies' officials were either threatened not to intervene to effect repairs to damaged pipelines or could not access the sites for fear of attacks or kidnap. The obvious reason is to ensure that operations does not resume in those locations. Consequent upon these actions, in 2006, Shell alone lost about 500,000 barrels of oil while Agip, Chevron and Exxon Mobil recorded a combined loss of 372 barrels **(Agbo, 2006, October)**.

Interestingly, the attacks and abductions were done not only in pursuit of the known and acknowledged grievances of the oil-producing communities in the Niger Delta. Criminality, greed and politics featured prominently as reasons for the lawlessness and destruction of oil industry facilities. These were obvious from the activities and statements issued by militant groups. In the aftermath of the 18th February, 2006 attack and in subsequent statements, the Movement for the Emancipation of the Niger Delta (MEND) which claimed responsibility gave reasons for the attacks and made demands on the government and oil multinationals which include the payment of $1.5 billion to oil-producing communities by SPDC; the release of Mujaheed Asari – Dokubo, a detained militant leader and Diepreye Alamieyeseigha, a former governor of Bayelsa state, who was standing trial for corruption and money laundering charges for which he was detained **(Ajaero, 2006, March)**.

Kidnap of staff of oil companies and servicing firms

Abduction and kidnap of staff of oil companies and servicing firms in the region was a strategy effectively employed by insurgents to disrupt the operations of the oil industry in the Niger Delta. There were several cases of kidnap and abduction of oil workers which posed a threat to the functioning of the oil industry. In January 2006, insurgents attacked Shell facility in Bayelsa state and kidnapped four expatriate staff of Shell Petroleum Exploration and Production Company (SNEPCO), Tidex and Ecodrill **(Agbo, 2006, January)**. Oil companies were made to pay huge sums of money for the release of their kidnapped employees, most of whom were expatriate staff **(Ajaero, 2006, February)**.The incessant kidnap of staff of oil companies necessitated the engagement of military escorts for expatriate employees while their families were forced to relocate to their home countries. The engagement of military escorts further increased the cost of keeping expatriates in the country and added to the cost of doing business. The insecurity engendered by the insurgency also necessitated companies to adopt shorter working hours as a precautionary measure to the security threats in their work environment. These tremendously affected the smooth operations of oil multinationals in the Niger Delta as it increased the cost and risk of doing business.

In 2006, the insurgency resulted in the stoppage of production in Shell's Western Operations. Production only continued in its Eastern Operations**.** Even in the Eastern Operations, measures were put in place to forestall the incidence of kidnap of its employees, particularly its expatriate staff. The precautionary measures scaled down the activities of oil companies with a consequent effect on production. As a result, the country could not increase its oil production to take advantage of OPEC quota allocation.

The operations of oil servicing firms in the region were also severely threatened as their employees were frequently kidnapped for ransom in the generalized lawlessness that pervaded the Niger Delta. On January 11, 2007 four foreign oil workers with Tidex and Ecodrill, servicing firms to Shell Petroleum Development Company (SPDC) were kidnapped by the Movement for the Emancipation of the Niger Delta, a dreaded insurgent group **(Ajaero, 2007, February)**. Frequent kidnapping and abductions tremendously increased the operational risk and cost of doing business for oil companies and their servicing firms. It was as a result of these challenges that Wilbros, an American oil servicing firm withdrew its operations in the Niger Delta **(Agbo & Ofuokwu, 2006, September)**. In a meeting with the governor of Rivers state, Dr Peter Odili on 14th August, 2006, the company noted that its operational cost in the delta and the risk of doing business was too high for the company to continue its operations. Its losses were put at a whooping ₦1.4 billion.

Impact on oil production in the Niger Delta

The insurgency had a disruptive effect on oil production in the Niger Delta. Due to the increase in the activities of militants, oil majors embarked on several safety measures that included reduced work hours. There were series of these disruptions arising from security concerns. According to **Babatunde (2012)**, the operations of oil companies were persistently disrupted since the rise of insurgents in the Niger Delta. In 2003, he noted that oil majors embarked on closures, staff withdrawals, shut down and shut-ins due to the activities of militants culminating in output reduction of 750,000 barrels which translated to 40 per cent of national output. Again in 2014, **Babatunde (2012)** noted that Shell lost 370,000 barrels of oil per day in its Western Operations.

For instance in 2006, Mobil oil company instructed its staff to stay at home due to increased insurgent activities in the Niger Delta. Similarly, Shell also evacuated 326 of its staff from facilities across the region for safety reasons **(Agbo, 2006, January)**. Other oil companies and oil servicing firms also adopted similar measures to ensure the safety of their workers as a result of the escalating insurgency in the Niger Delta. Forced evacuations, stoppages, shut-ins and other security measures adopted by oil multinationals consequent on the insurgency affected the ability of the country to meet OPEC quota allocation to the country as these incidents reduced the ability of the country to produce oil at maximum capacity. The situation led to major oil companies declaring *force majeure* on several occasions.

Another significant incident was the attack on Royal Dutch Shell's Bonga oil field located 120 km off the coast. The insurgents succeeded in destroying facilities of the company which necessitated a production shut in of 200,000 barrels per day. This figure translates to 10 per cent of daily production in the country (Tattersall, 2008, June 19). A day after the Bonga attack, insurgents struck again, this time on Chevron pipeline near Escravos resulting in production shut down on the facility and an imposition of *force majeure* for June and July. The Escravos facility production capacity was 120,000 barrels per day (The oil drum: Discussions about energy and our future. 2008, June 25). These were few notable cases of the series of attacks on oil facilities and installations in the Niger Delta with devastating impacts on the oil industry.

The series of attacks on oil facilities resulted to shut down of production platforms with consequent reduction in productive capacity. For instance, the 8th February, 2006 attack on Shell crude oil loading platform at Forcados Terminal, forced SPDC to shut down its entire Western Operation and suspended the export of more than 380,000 barrels of daily production of crude oil from the Terminal **(Ajaero, 2006, March)**. This necessitated a 15 per cent reduction in Nigeria's oil exports and a consequent impact on the price of oil at the international market **(Ajaero, 2006, March)**. This Perhaps informed the boastful statement issued in the aftermath of the 2006 attacks by MEND in 2007 that the insurgents has "the oil industry by its balls" **(The Economist, quoted by Watts, 2008:23 b)**. Even in situations where the insecurity was not directed at the oil companies, the general insecurity that characterized the region as a result of the activities of gangs and cult groups impacted smooth operations of the oil industry. A case in point was the heavy clashes between two notorious militant leaders in Rivers State: Mujaheed Asari-Dokubo, leader of the Niger Delta Peoples Volunteer Force (NDPVF) and Ateke Tom led Niger Delta Vigilantees (NDV). The antagonism and struggle for supremacy between these two groups in Rivers State directly impinged on the security of the entire state and therefore the work environment of oil multinationals. **Babatunde (2012)** have noted that the security concerns created by these groups culminated to the shutdown of Shell's facility that produces about 28,000 barrels of oil per day as the company was unable to travel to the site to repair some technical problem. These attest to the heavy toll insecurity in the Niger Delta took on the oil industry.

The insurgency also created the environment for criminals and criminal activities that were detrimental to the oil industry to thrive in the Niger Delta. There was significant rise in incidents of oil theft, also known as 'bunkering' as a result of the insurgency. Criminal gangs took advantage of the insecurity to tap pipelines for crude oil and in the process caused oil spillages and destruction to oil facilities. This was a major cause of the environmental despoliation during the insurgency. Also, criminal syndicates cashed in on the general insecurity arising from the insurgency to steal crude oil in commercial scale and insurgent groups were also involved in oil theft to fund their activities. It became a lucrative source of funding for the militants who also became affluent and powerful in the creeks. This is why insurgents could buy sophisticated arms and ammunitions in prosecuting their activities **(Watts, 2008 a; Asuni, 2009)**.

Effect of the insurgency on international energy supply

Oil is central to the political economy of Nigeria and it is also strategic to the energy security of nations. It is a resource that is indispensable to emerging industrial powers and industrialized nations around the world **(Soremekun, 2011)**. Therefore, the insurgency in the Niger Delta region was both a domestic concern as much as it was for the energy security of nations. The insurgency in the Niger Delta was particularly troubling for the international community as a result of the region's rising strategic importance as a major hub of energy supply to energy hungry nations. At the time of the crisis, Nigeria supplied 10 per cent of US oil imports (the equivalent of about 40 per cent of Nigeria's oil exports). This explains why the Gulf of Guinea in general and the Niger Delta in particular loomed large in the security interests especially of the USA but also of the EU and other major oil-importing nations. The anxiety in the international community over developments in the Niger Delta was further heightened by security challenges in the Middle East after 9/11 **(see Lubeck, et al. 2007; Watts, 2008 a)**.

The fears of the international community were well founded. There is a direct connection between oil supply from the Niger Delta and the cost of the product at the international market. This was demonstrated by the fact that each attack on oil facilities in the Niger Delta impacted the price of the product at the international market. For instance, in the aftermath of the January 2006 attack on Shell facilities, there was a shut-in of 226,000 bpd, a reduction in OPEC quota allocation to Nigeria by 10 per cent and a spike in the price of crude oil at the international market by $67 per barrel **(Agbo, 2006, January)**.

The impact of the insurgency in the Niger Delta on the prices of oil at the international market can be appreciated from the responses of the price of oil to other major disruptions in the Niger Delta. A case in point was the destruction of the SPDC Forcados Terminal on the 18th of February, 2006 attack. This incident compelled Shell to shut down its Western Operations, resulting in the suspension of 380,000 barrels daily crude oil exports. According to **Ajaero (2006, March)** this resulted in a spike in the price of oil at the international market by more than one dollar**.** Another significant attack by insurgents was the daring invasion of Royal Dutch Shell's Bonga field, located 120 km off the coast. According to CBS News (2008, June 19) this incident resulted in a production shut in of 200,000 barrels a day and caused a sharp increase in oil prices at the international market.

In a discourse on the crisis in the Niger Delta, **Curson (2009)** also established the close relationship between insurgency in the Niger Delta and increases in oil price at the global market. According to **Curson (2009)** the sabotage of oil facilities in the Niger Delta and the consequent production losses reduced supply of oil to the global market and which facilitated an increase in the price of the commodity. Buttressing the submissions of **Curson (2009), Boas (2011)** also noted that as a result of the April 2008 attacks on oil pipelines in Isiaka and Abonnema in Rivers State, there was unprecedented oil price increase beyond $117.

III. CONCLUSION AND RECOMMENDATIONS

The Niger Delta is the hub of oil production and the economic lifeline of the country. The oil-producing communities have borne the impact of exploration and exploitation of oil for decades. As a result, the environment of the Niger Delta is polluted and the livelihoods of the people who depend on the environment for sustenance is compromised. Ironically, the oil-producing areas are deprived of the benefits of oil revenue. The region suffers neglect and ranks as one of the least developed regions in the country. These are the grievances that gave rise to insurgency in the region in the past two decades. The insurgency was primarily directed at the oil companies and their facilities which were attacked and their operations disrupted. The insurgency further had negative impacts on the oil industry in Nigeria and affected the supply of oil to the international market.

Since the pronouncement of amnesty for militants and insurgents in the Niger Delta by President Musa Yar'Adua in 2009, there has been relative peace and calm in the region. This does not mean that the factors that necessitated the agitations are being properly tackled by the federal government and its agencies. The state and local governments also have roles to play in ensuring that the reasons that gave birth to the violent agitations are properly addressed. From every indication, this is not the case in the Niger Delta. Infrastructural deficit and other developmental needs of the region remain unattended with the cessation of hostilities. The Niger Delta region is still as backward as it was before the insurgency. Massive intervention to improve on infrastructure in the region should be prioritized by government and its agencies created for the development of the region. The demand for fiscal federalism and resource control remains a mirage as the old revenue allocation formula still holds sway. There is still no noticeable change in the lopsided allocation of federal government projects in favour of other regions and at the expense of the Niger Delta. In fact, nothing tangible can be said to have been done in response to the demands by the insurgents.

The existing situation can hardly sustain durable peace in the Niger Delta. The calm and peaceful business environment in the Niger Delta will still be bridged if the root causes of the insurgency are not properly addressed. To ensure lasting peace, the problem of lack of infrastructural and human development in the Niger Delta has to be aggressively tackled. Government and the oil companies should also initiate programmes for environmental remediation to enable people earn sustainable livelihoods in the region. The issue of fiscal federalism should also be addressed as it will make more resources available to the oil producing states for the development of the region. The Niger Delta region ranks poorly in all development indices and is one of the least developed in the country. It is these conditions that that drive insurgency. In order to ensure sustainable peace in the oil-producing communities, the conditions that cause people to take up arms against the government has to be progressively addressed, otherwise the existing peace in the Niger Delta cannot be sustained.

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