

## **The Irony of Amnesty Programme: Incessant Oil Theft and Illegal Bunkering In the Niger Delta Region of Nigeria**

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**Abstract:** *The proclamation of Amnesty Programme in 2009 was seen as a bold step to curb militancy, oil theft and other criminal activities in the Niger Delta. However five years after, the issue of oil theft in the region seems to have increased more than the pre-amnesty era. This calls to question the rationale and effectiveness of the Amnesty Programme. This paper examines the nexus between Amnesty Programme and continuous oil theft and illegal bunkering in the Niger Delta region of Nigeria. The paper employs descriptive and analytical method in examining the Amnesty Programme and incessant oil theft in the Niger Delta region of Nigeria. The paper posits that the introduction of amnesty programme led to the reduction in militant activities in the Niger Delta but failed to reduce the problem of oil theft, which is seriously on the rise. This has resulted in loss of life, loss of revenue to the government, oil companies operating in the region as well as environmental degradation. The paper submits that except drastic action is taken to address the fundamental challenges of the Niger Delta region, the issues of oil theft and illegal bunkering that threatens the economic viability of Nigeria will remain unabated.*

**Keywords:** *Amnesty, Illegal bunkering, Niger Delta, Nigeria, Oil theft*

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### **I. Introduction**

The Niger Delta accounts for over 80% of Nigeria's oil production with over 600 oil fields, 5,284 oil wells, 10 oil and gas export terminals, 275 flow stations 10 gas plants, and massive liquefied natural gas and is the take-off point of over 700 kilometers of pipelines across the country (Ibaba, 2009; Aghedo, 2011). Oil and gas resources from the region provide 80 per cent of government revenue, 95 per cent of foreign exchange earnings and 96 per cent of export revenues (Ibori, 2009). The Niger Delta is one of the world's largest wetlands, one of the 20 major deltas in the world and Africa's largest delta and perhaps, the richest in the world in terms of oil and gas reserves, covering some 70 000 km<sup>2</sup> (Badmus, 2010; Fagbadebo and Akinola, 2010). Paradoxically, despite this tremendous natural resource base, the Niger Delta region represents one of the extreme situations of poverty and underdevelopment. Infrastructural development is very low, while poverty and unemployment level is about 80%, and unemployment ranks 85%. Access to basic social amenities is very limited. Indeed the region falls below the national average in all measures or indicators of development (Ibaba, 2005; Ejovi, Ebie, and Akpokighe, 2014).

Over the years, the activities of oil exploration and extraction in the region have destroyed the means of livelihoods of the people. This had resulted to conflicts between Niger Delta people, the Oil Companies and the Federal Government. The climax of these conflicts was the formation of different groups agitating for the amelioration of Niger Delta environment (Ikelegbe, 2010; Orubebe, 2013; Okoli, 2013). However lack of attention from the appropriate authorities for the region further degenerated into armed conflict characterized by kidnapping, oil theft, oil bunkering, bombing of oil installations and other negative activities by the militant groups in the region (Obi, 2010; Oluduro and Oluduro, 2012; Ejovi and Ebie, 2013; Aminu, 2013). Consequently, the insurgency waged by the militant groups which had negatively affected oil exploration, production and distribution, and invariably reduced the revenues accruing to the government made the Federal Government to introduce Amnesty Programme in the region in 2009 (Osah and Amakihe, 2014; Odalonu, 2015).

The amnesty for the militants in the Niger Delta was announced by Nigeria's former President Umaru Musa Yar' Adua on June 25, 2009. The amnesty was granted in accordance with section 175 of the 1999 Constitution which provides that the President may grant any person concerned with or convicted of any offence created by an Act of the National Assembly a pardon, either free or subject to lawful conditions (Tonwe and Aghedo, 2013). Thus, the amnesty was designed to ensure peace and reconciliation so as to facilitate uninterrupted oil exploration thereby boosting revenue that would be deployed towards tackling a wide range of problems of underdevelopment in the Niger Delta region (Ajayi and Adesote, 2013).

Before the Amnesty Programme was inaugurated, militancy in the region had taken a frightening dimension, ranging from oil theft, pipeline vandalism, attacks on oil flow stations to kidnapping of staff of the oil companies such that by early 2009, these activities had contributed to reducing oil production to as low as 700,000 barrels per day (Oluwaniyi, 2011; Osah, 2014). Immediately after the amnesty declaration, appreciable peace and stability which had hitherto eluded the Niger Delta, returned to the region. Consequently, oil production by Nigeria shot up from the low of about 700,000 barrels per day to more than 2.5 million barrels per day in the early 2010 (Ajayi and Adesote, 2013). By the end of year 2010, activities of oil production in Niger Delta had almost normalized. In economic terms, the amnesty programme has proved to be a kind of magic wand which halted the decline in oil production that had resulted because of the disruptive activities of the militants (Okoli, 2013; Ajayi and Adesote, 2013).

To further ensure security of oil pipeline and curb oil theft in the Niger Delta, Contracts worth billions of Naira were awarded to some ex-militants to provide security for oil installations. Despite the controversy surrounding this award, this measure according to the Federal Government has helped in stabilizing to some extent oil output in Nigeria. What it has not done, however, is that it has also failed to reduce the problem of oil theft, which is seriously on the rise (Ebiri, 2014). Contrary to expectations that the introduction of the Amnesty programme would enable the government to eliminate pipeline vandalism and oil theft, the unwanted occurrences have persisted. In fact, the situation seems to have worsened in the past few months as the nation continues to record many cases of vandalism and oil theft. The volumes associated to the incidents are not small (Akpan, 2013).

In the light of these setbacks, what is the prospect of the Amnesty Programme in curbing militancy and oil theft in the Niger Delta? Who are the perpetrators of oil theft in the Niger Delta? What are the motivating factors of oil theft in the Niger Delta? What are the implications of incessant oil theft in the Niger Delta? All these questions shall be explored in this paper.

## **II. Aim And Method**

This paper examines the nexus between amnesty for the Niger Delta militants and incessant oil theft and illegal bunkering in the region. The paper seeks to x-ray the genesis of oil theft in the Niger Delta, identify the actors and motivating factors of oil theft and the implications of incessant oil theft in the region. The paper employs descriptive and analytical method in examining the amnesty programme and incessant oil theft and illegal bunkering in the Niger Delta region of Nigeria. Secondary sources were used for data collection. These include books, journals, magazines, newspaper, internet, conference papers and official reports.

## **III. Main Discussion**

### **▪ The Genesis of Oil Theft and Bunkering Activities in the Niger Region of Nigeria**

The issue of oil theft and illegal bunkering is not new in Nigeria; only in recent years has it begun grabbing international headlines due to its consistent rise and its effect on Nigerian economy. Illegal bunkering of Nigerian crude oil started in the late 1970s when the country was under military rule (Katsouris and Sayne, 2013). To many observers, it was presumed that the top brass (military rulers) were behind the syndicated oil theft that came to be known as “bunkering” during the military regime but the military rules have since relinquished power to an elected civilian government since 1999, yet the illegal oil trade has continued and grown in scope and sophistication. Thus, Illegal oil bunkering has been an economic and security problem in Nigeria since the 80s and government over the years has also been putting measures in place to check it (Nwanosike, 2013; Nwaogu, 2014). But despite all the measures undertaken by the government, crude oil theft continues to increase in scope and dimension.

Consequently, the Nigerian economy is in a precarious situation. She is facing an economic emergency unprecedented among the oil producers of the world and something urgent needs to be done to reverse the ugly trend. Oil theft and illegal bunkering activities in the Niger Delta pose a challenge that threatens the very foundation of the oil industry, and by extension, the Nigerian economy (Garuba, 2012). The upsurge noticed in contemporary illegal oil bunkering started attracting public knowledge during the Babangida regime (1986–1993) when crude oil and its refined products (specifically petrol) became the domain of senior military officers and their civilian cronies (Human Rights Watch 2003). From the initial opportunity provided by domestic subsidy and devaluation of the Nigeria Naira during which legally lifted products were diverted to more profitable markets of Communaute financiere africaine (CFA) Franc States under arrangement and cover of government officials, illegal oil bunkering in Nigeria took firm roots with the discrete cooperation of oil companies workers who operated at oil wellheads or allowed access to them (Human Rights Watch 2003). The illicit trade became pronounced in 2003, with just few people who often tapped into pipelines and siphoned

crude oil for manual refining. Shockingly, what was considered as mere vandalism and act of sabotage against the oil companies operating in the Niger Delta has snowballed into a large scale illicit industry with devastating effects on the country's economy. Since then, the number of oil thieves has risen to an almost irredeemable level. Oil bunkering has become a serious issue in the Niger Delta and this growing trend has been a source of serious concern as it appears that there is no effective structure in place to put a stop to it (Ogodo, 2012). In sequel to the above, Ikelegbe (2005) asserted that:

“There is a large scale illegal local and international trading on crude oil. This has grown from a few amateurs in the 1980s who utilized crude methods to extract crude from pipelines to a very sophisticated industry which uses advanced technologies to tap crude and sophisticated communications equipment to navigate through the maze of hundreds of creeks, rivers and rivulets. The oil theft syndicates have also graduated from boats and barges to ships and large oil tankers in the high seas. The stealing and smuggling of crude has become very extensive and large scale since the late 1990s”.

Illegal oil bunkering is now a booming business in the Niger Delta costing Nigeria about a tenth of its crude production daily. It has become an organized crime with international connections. Despite the involvement of the security personnel-Army, Navy, Air Force, Police, Civil Defence Corps and lately the Ex-Militants Generals, in monitoring of the waterways, oil theft has continued unabated. Olateju (2013) lamented that” the scale of stolen crude and illegal bunkering has become more daring since amnesty was granted to militants in 2009. Adding that “Amnesty with all the hoopla has now supplanted petty theft with grand theft because the military now control oil platforms and only the military can tell the country what is going on”.

▪ **The Drivers, Actors and Forms of Oil Theft in the Niger Delta**

Oil theft is now a multidimensional activity that involves sheds of people both locally and internationally. It now appears many top Nigerian politicians and military officers, both serving and retired, are said by internal sources, such as the Army Chief of Staff, to be actively involved in the large-scale bunkering business (Asuni, 2009). There is plenty of money to be made from it, thus all the authorities are involved- the oil company personnel, the military officer, the politicians, the local communities, the international oil trader, militants, shippers, bankers, refiners, wealthy individuals from within and outside Nigeria (Yusuf, 2013; Ndubusi, 2013).

However, their level of involvement in oil theft in the Niger Delta region by both Nigerians and foreigners differs. It has been observed that oil theft actors at small scale pilfering include the host community youths, local gang groups, militants, and the security agents who collaborate with other actors due to the prevailing environments. At the large-scale illegal bunkering in the field, the actors of oil theft includes; the youths of the host communities and militants, who provide the local manpower; the oil company personnel, who provide the technology on how to open the oil wells and pipes; the security agents, who provide security for their operations; and the foreign partners, who provide the markets and shipment of stolen oil oversea. While the actors of oil theft at export terminals include; the oil company staff, top government personnel, foreign partners and state security agents at the export terminals (Wilson, 2014). Similarly, Asuni (2009) identified the main players involved in the illegal oil bunkering business at its various levels:

“At the local level, Niger Delta youth and community leaders play the leading. As one moves up the network to the senior echelons, members of the Nigerian military, oil Company and NNPC employees, top politicians and retired military officers predominate. At an international level, countries from Eastern Europe, Russia, Australia, Lebanon, Netherlands, France, Senegal, Cote d’Ivoire etc., are all involved.”

Worried about the rising incidents of illegal oil bunkering in Nigeria, the administration of former President Olusegun Obasanjo, in 2001 set up a Special Security Committee on Oil Producing Areas to among others, identify the causes, possibly those behind the act and then proffer solution to the problem. The committee, in its report had noted that a “major threat to the oil industry arises from activities of a 'cartel or mafia', that comprises highly placed and powerful individuals within the society, who run a network of agents to steal crude oil and finished products from pipelines in the Niger Delta region” (Thisday, 2011). It also observed that militant groups responsible for halting or diverting oil production and preventing free traffic on the waterways "could be enjoying the patronage of some retired or serving military and security personnel". The report also revealed that some vessels used in the sordid deal were often seized by the army and navy, while their cargoes remained unaccounted (Thisday, 2011).

Arguably, there has been alleged complicity of oil theft in the Niger Delta by the security forces. Signs of alleged participation by security forces in oil theft include;

- One Brigadier General, then, a commander in the Joint Task Force (JTF) that patrol parts of the delta was relieved of his post in March, 2006, owing to alleged involvement with illegal bunkering.
- Ships impounded by the JTF have allegedly been released under political pressure, or have gone missing, only to turn up later reflagged and repainted.
- Over a dozen retired military officers including a rear admiral were arrested on suspicion of oil theft during the (2000s) all were later freed without charged
- Security and oil company sources report having seen ships engaged in oil theft pass freely through the maritime check points, in full view of military patrols.
- Others claim to have observed rank-and-file JTF officers standing guard at illegal tap points and providing armed escort to ships loaded with stolen crude
- Sources in the security forces also claimed that officers lobby strongly to be posted to the delta region, while others pointed to cases where senior officers were redeployed for refusing to engage in or turn a blind eye to oil theft (Katsouris and Sayne, 2013).

On the part of oil workers, two suspected surveillance workers of one of the oil companies were arrested on November 19, 2012, for breaking and tapping crude oil from a Shell Petroleum Development Company (SPDC) pipeline located at Kporgho in Gokana Local Government Area of Rivers State by soldiers of the Joint Task Force (JTF) (Izeze, 2013). Katsouris and Sayne (2013) also identified three forms of oil theft and illegal bunkering in the Niger Delta. These are:

**1. Small-Scale Pilfering and Illegal Local Refining:-** it involves the community people or local groups hacksaw, puncture or install illegal tap and siphons on pipelines or other onshore oil infrastructure such as wellheads and manifolds. Most of the crude oil stolen is refined for local sale and consumption using basic technology. This collaborates with SDN (2003) report that 75% of the stolen oil is being exported; with the rest i.e. 25% being refined in illegal “artisanal refineries” and marketed along Nigerian streets as cooking fuel, gasoline, and diesel.

**2. Large-Scale Illegal Bunkering in the Field:-** This is the large scale industrial level of oil theft. It involves sophisticated networks of workers tap into oil infrastructure onshore or in the Niger Delta’s swamps and shallow waters. They then use hoses to load the stolen oil onto barges or less commonly, into motorboats and dugout wooden fishing canoes called “cotonou boats”. Next, the loaded barges or other vessels carry their cargoes through the Niger Delta’s dense network of creeks, swamps and estuaries. Once they reach the coast, their crews transfer the oil onto small tankers that transport oil, refined products or chemical. Most illegal bunkering of this nature occurs in Bayelsa, Rivers and Delta states.

**3. Theft at Export Terminal:-** it involves the excess lifting of crude oil beyond the licensed amount, using forged bills of lading. This is “white collar” branch of oil theft allegedly involve pumping illegally obtained oil onto tankers already loading at export terminals, or siphoning crude from terminal storage tanks onto trucks. Bills of lading (B/L) and other shipping and corporate documents may be falsified to paper over the theft. This type of bunkering often involves a number of company staff and Nigeria’s state oil company, as well as top government officials who give the oil lifting contracts.

In the same vein, Ejovi, Ebie, and Akpokighe (2014) identified two basic typologies of bunkering in the Nigerian oil industry, which include legal and illegal bunkering. As the name implies, legal bunkering refers to the activities of those licensed to lift crude oil by the Federal government. While illegal bunkering connotes the activities of those who carry out bunkering without government authorization.

According to Ejovi, Ebie, and Akpokighe (2014) the illegal bunkering that presently characterizes militant activities in the Niger Delta is a creation of the Nigerian State. The argument is that, those who are licenced to carry out bunkering legally are predominantly non-Niger Deltans. And secondly, those legal bunkers in collaboration with corrupt states officials and the oil companies introduce illegal bunkering in the region.

“Experience has shown and there is no denying the fact that, this infamous Nigerians and their foreign counterparts contacted able bodied unemployed youths in the Niger Delta to secure their illegal bunkering barges to the high sea, where the crude oil is transferred to waiting vessels and money paid in hard currencies. The boys were then paid peanuts, and provided with arms to secure future trips from Customs and Naval patrols. As time goes on, the boys

became conscious that, the job they are doing for their masters is highly profitable, and since they have mastered the trade, they decided to set up their own bunkering networks. Today, virtually all militant groups in the Niger Delta are involved in oil theft or bunkering which is made positive by globalization” (Ejovi, Ebie, and Akpokighe, 2014).

Oil bunkering is a major factor in the Niger Delta crisis. The violent insurgency in the region is thus driven by the lucrative oil smuggling business, and the proceeds are used to procure sophisticated arms and ammunitions. From the foregoing, it can be adduced that the large-scale illegal bunkering is much more significant not just in terms of money involved but because of what the crude oil is often exchanged for: illegal weapons and drugs (The Economist, 2013; Ejovi, Ebie, and Akpokighe, 2014).

▪ **Factors Fuelling Oil Theft in the Niger Delta**

There are different factors necessitating the thriving business of oil theft in the Niger Delta. As noted by Brock (2012), due to years of neglect, marginalization and underdevelopment of the Niger Delta by the Federal Government and the Multinational Oil Companies (MNCs) operating in the region, rings of organized criminal groups, called “oil bunkerers” in our local parlance, has evolved in the creeks and along our territorial waters, who specializes in stealing, illegal refining and transporting of Nigeria’s crude oil to the international black market. Some of the identified underlying causes of this scourge include poverty, corruption, unemployment, ineffective law enforcement and poor governance, inordinate ambition to amass wealth, poor policing /protection of oil pipelines, inadequate community participation in the management of resources in their communities, pollution of the environment, dearth of economic activities in communities, increasing criminality and insecurity of the coast line, flourishing of the oil black market in Nigeria and high foreign demand of Nigeria crude oil (Okere, 2013; Okoli and Orinya, 2013; Igbuku, 2014).

Asuni (2009) also attributed the following factors as responsible for enabling the oil bunkering business in the Niger Delta:

- The high number of unemployed youths in the Niger Delta;
- The presence of armed ethnic militias who are familiar with the dense network of rivers that connect the region and allow easy access to unprotected oil pipelines;
- The protection or patronage offered by senior government officials and politicians who often use oil theft as a funding source for political campaign;
- The ineffective and corrupt law enforcement officials and low conviction rates for those suspected oil bunkers who are prosecuted;
- The relative ease of threatening or corrupting oil industry staff to assist in bunkering;
- The presence of an established international market for stolen Niger Delta oil, which is sold to Sao Tome, Liberia, Senegal, Cote d’voire, Gambia, Morocco, Venezuelan, Lebanese, French, and Dutch partners; and
- The overall context of endemic corruption – traffickers “settle” or bribe local communities where the oil is tapped, “passage” communities through which the bunkered oil travels on its way to off-shore tankers and Navy officials along the route.

Similarly Adegbite (2013) and Wilson (2014) noted that there are many perceived reasons for engaging in crude oil theft. They include: poverty; ignorance; greed; lack of respect for national economic survival; get rich quick syndrome; lack of gainful employment ; exploiting the loopholes in the criminal justice system to circumvent the law ; evolving culture of impunity from the wrong perception that some people are above the law; weak institutional structure to checkmate criminals; bad governance (corruption, incompetency); Weak Nigerian legal framework and prosecution process; High unemployment rate among the youths; the quest for participation in sharing the petroleum resources of the state; The influence of arms and gang groups in the region; International markets for stolen oils from Niger Delta; the collaboration between the security agents, government and oil multinational officials; failure of government to provide basic public services; poor pipeline maintenance by the International Oil Companies (IOC); loss of local livelihoods such as fishing and farming due to oil pollution; thriving black market, etc.

At this juncture, it is imperative to state that these factors as highlighted above are the critical driving forces that culminated in incessant oil theft in the Niger Delta region of Nigeria. High unemployment, for instance has created a huge population of idle young people who are easily lured to oil related crimes. These crimes in turn are reinforced in the absence of clear deterrent measures, arising from the non-prosecution of alleged perpetrators (Igbuku, 2014).

▪ **The Nexus Between Amnesty Programme and Oil Theft and Illegal Bunkering in the Niger Delta**

Before the Amnesty Programme, several of the militant groups were involved in illegal oil bunkering. It was believed that illegal oil bunkering was a major source of funding the operations of the militants in the Niger Delta. Militant warlords who engaged in illegal oil bunkering then justify their actions by claiming that it was a means of providing income for the impoverished residents of the oil producing communities (ICG, 2006; Nwogwugwu, Alao and Egwuonwu, 2012). However a state-sponsored amnesty programme largely halted militant attacks in the delta in 2009, allowing production levels to return to more than 2 million barrels of oil a day. But while production climbed amid the relative peace, the level of thefts increased quietly and quickly across the region of winding creeks and mangroves about the size of Portugal (Gambrell, 2013).

Consequently, the Amnesty Programme which kicked off on June 25, 2009 was perceived by some Nigerians as a mere palliative that would not solve the underlying problems in the region. Even though kidnapping of oil workers and obstruction of oil production have reduced significantly, oil theft seems to be the innovation that has replaced the problems in the Niger Delta creeks. There have been increasing and worrisome reports of incidences of illegal oil bunkering and unauthorized local refineries in the Niger Delta since the inception of Amnesty Programme.

An estimated 300,000 to 400,000 barrels of crude oil are believed to be stolen by oil thieves daily (Ameh, 2013). This is a disturbing trend, considering that the Nigerian economy relies mainly on oil which contributes 80 per cent of the country's revenue (Ogodo, 2012). A theft of this scale and scope, worth about \$14bn annually, requiring the siphoning of 400,000 barrels of crude daily from oil facilities; can be nothing other than the product of organised and systematic crime syndicates. "What we are dealing with here are well structured, well connected, and therefore well protected organised crime cartels, similar to the drug cartels of Latin America" (Gaskia, 2013). Apart from the necessary connivance of institutions of the state and its agencies, as well as state personnel at different levels, for this to happen; it stands to reason that we query the real intention of the maritime, and oil pipeline security and surveillance contracts awarded to ex-militant warlords and their troops (Gaskia, 2013). Are these contracts actually for the security and protection of the oil pipelines and the maritime waters? Or are they in fact part of an elaborate scheme to outsource state protection of the crude oil theft syndicate business (and the cartels who run it) to experienced non state actor armed merchants?

Since the Amnesty Programme was introduced; there has been a reduction in militant activities which constituted the unpopular deliberate attacks on oil pipelines. However, there has been a steady rise in large scale oil theft by organized highly criminal networks. In fact, the incidence of pipeline vandalism, piracy and oil theft abounds and it has worsen since 2012 as some states in the region complained of non inclusion in the Amnesty programme which the Federal Government established to not only pardon but also train, empower and build the capacities of ex-militants in the region. For instance, in Abia State, about 5,000 youths petitioned the National Assembly over alleged non-inclusion in the programme (Akpan, 2013). In Akwa Ibom state, the State Government also stated that its slot in the Amnesty Programme was taken by non-indigenes (Akpan, 2013). There have also been pockets of protests in Delta state, especially the Itsekires and Urhobos ex-agitators for exclusion into the Amnesty programme.

Thus, some analysts have argued that the excluded militants from the Amnesty Programme have been responsible for the incessant oil theft, piracy and illegal bunkering in the Niger Delta. Again, former agitators who have undergone the Amnesty training without meaningful engagement or employments have been fingered in oil theft and illegal bunkering in the Niger Delta. Consequently, frustration among the former militants grows as the Amnesty Programme fails to generate jobs and infrastructural development. However, during the celebration of the fourth anniversary of the Amnesty Proclamation and third year of the implementation of the Amnesty Programme, at the prestigious Nicon Luxury Hotel Abuja, the Chairman, Amnesty Programme, who doubles as the Special Adviser to President Goodluck Jonathan on Niger Delta, Kingsley Kuku absolved the ex-militants in involvement of oil theft in the Niger Delta. According to Kuku (2013) in Anofi (2013):

"Oil theft is highly technical and capital intensive and there is no way you can find Niger Delta youths involved in it. These products are transported in vessels; no Niger Delta indigene has a vessel. Also, it is a supply and demand thing, meaning that if there is no demand, there won't be supply. In other words, there must be international collaborators involved; Niger Delta youths don't have such connections. In addition, where would Niger Delta youths have the resources to pay for demurrage running to months in many instances? Peasants can't engage in such business and majority of Niger Delta youths are peasants".

Similarly, according to the research carried out by the UK Niger Delta Working Group (2012) there was no consensus about whether a clear causal relationship exists between the Amnesty Programme and the escalation of oil theft per se, however, three factors relating to oil theft and sabotage were identified. Firstly, amnesty stipend payments to ex-combatants – both seen as a way of ensuring relative peace and of distributing largesse to constituencies across the region – have demonstrated that violence and illegal activities pay under certain conditions. This is potentially encouraging those who feel that they have ‘missed out’ to compensate themselves by turning to oil theft and refining activities. Secondly, large pipeline surveillance contracts have been awarded to the ex-militant leadership by the state oil company NNPC to ensure a reduction in pipeline sabotage and oil theft. Some participants noted that these contracts continued despite the apparent underperformance of their recipients in reducing the level of sabotage and oil theft. Questions were raised about why. Thirdly, some participants argued that the continued presence of the Joint Task Force (JTF) in the region may be an aggravating factor in oil theft, considering previous allegations of the collusion of security agents in oil theft.

In effect, there have been rising cases at organized crime, piracy, oil theft, illegal bunkering, kidnapping and the likes in the Niger Delta region. The implication of this is that the peace process in the Niger Delta is yet to be actualized. This raises anxiety to the effect that the seeming gains of the amnesty project are being persistently jeopardized (Okoli, 2013).

▪ **The Effect of Oil Theft on Nigerian Economy**

Over the past 3 to 6 years, in particular since the commencement of the Presidential Amnesty programme for the Niger Delta, the subsequent inducement of a reduction in armed militancy in the region, and the consequent rise in the incidences of crude oil theft; we have been told by the highest responsible authorities (NNPC, Ministers of Finance and Petroleum Resources, CBN Governor, etc) that the country has been losing outrageous quantities of crude oil to oil theft and pipe line vandalisation. In 2009 and 2010, the figures claimed ranged from 100,000 barrels per day to 200,000 barrels per day of crude oil. By 2012 this figure had risen to between 200,000 barrels per day and 300,000 barrels per day of crude oil; and now the figure given for 2013 is 400,000 barrels per day of crude oil lost to oil theft (Gaskia, 2013; Ameh, 2013).

More worrisome about this trend is that this steep increase in oil theft has occurred during a period when an Amnesty Programme to stem militancy which was impacting adversely on crude oil production and export is in place and running. Secondly this steep rise in crude oil theft and the consequent oil pipeline vandalism which is necessary in order to steal from pipelines, is occurring against the backdrop of at least 5 billion naira and multiyear security and surveillance contracts worth close to N30bn annually awarded to ex-militant warlord generals and their boys/troops (Gaskia, 2013; Odalonu, 2015).

The latest audit report by Nigerian Extractive Industries Transparency Initiative (NEITI) indicates that Nigeria lost over 146 million barrels of crude oil estimated at about \$11.794 billion (about #1.852 trillion) to theft, deliberate sabotage and pipeline vandalism between 2009 and 2011 ( Udo, 2013). Also, official reports from the Federal Ministry of Finance also indicate that Nigeria loses about 400,000 barrels of crude oil per day to oil theft and this is just an estimate as the figure could be potentially higher. This led to a 17 percent reduction in crude oil sales and when the running of illegal refineries is included, the government has estimated the annual revenue lost to be around \$7 billion. A research on pipeline vandalism in 2010 by Bala-Gbogbo explains how the federal government lost approximately N174.6 billion between 2000 and 2010 (Dennys, 2012). Though the loss of 400,000 barrels of crude oil per day to illegal bunkering undermines the viability of the Nigerian economy, the situation has continued unabated due to the government’s seeming inability to curb what some have described as economic insurgency (Ebiri, 2014).

But the loss to the country from illegal oil bunkering is not in terms of revenue alone. Traditional livelihoods such as fishing and farming have practically become extinct due to the activities of oil thieves. There is also evidence to show that many of the arms circulating in the Niger Delta including a variety of sophisticated weapons have been purchased with money derived directly or indirectly from illegal bunkering. Insecurity in some parts of the country results in part, from accessibility of oil-purchased arms with illegal bunkering serving as a major contributor to Nigeria’s violent crime, armed robbery, piracy and kidnapping. In fact, illegal oil bunkering leads not only to pipeline vandalism, river and land pollution but to environmental degradation. Moreover, poorly refined products, when sold to the public results in economic and health disasters, such as kerosene explosions and frequent vehicular breakdown (Dailyindependent, 2012; Onwuemenyi, 2012; Sun, 2013).

Crude oil theft in the Niger Delta remains a serious cause for concern with dire consequences for people, the environment and the economy. These highly sophisticated criminal activities involve both local and international crime syndicates. The social implications of all these include the destruction of the economy of communities, arms proliferation, increased attraction to crimes, higher incidence of school drop-outs, increased inflow of migrant workers to service the illegal business and the consequences of militarisation of communities. All these negative impacts have long-term implications that may take generations to reverse if at all possible (Igbuku, 2014). Similarly, Ogbeifun (2014) noted that the negative impacts of vandalism and crude oil theft include the destruction of aquatic and farmlands, economic sabotage which explains the shortfall of Nigeria's 2014 budget from \$29.3 billion in 2013 to \$23.3 billion in 2014 and divestments by some International Oil Companies, IOCs, with attendant job losses thereby compounding the unemployment situation in Nigeria.

According to environmental experts, crude oil theft has caused oil spillage especially the Niger Delta region. Oil spillage has reduced the evergreen mangrove forest to mere grasses while fish and other aquatic animals in the water are at the verge of extinction. In its August 2011 report, the United Nations Environment Programme (UNEP) accused Shell and other oil firms of systematically contaminating a 1,000 sq. km (386 sq. mile) area of Ogoniland in the Niger Delta, with disastrous consequences for human health and wildlife (Thisday, 2011). In response to the above, Shell has however maintained that more than 75 percent of all oil spill incidents and more than 70 percent of all oil spilled from its facilities in the Niger Delta between 2006 and 2010 were caused by sabotage, theft and illegal refining which has resulted in consistent pollution of farm lands and rivers. Statistics shows that crude oil spills caused by oil thieves in the country is alarming while the impact on the environment is disheartening and pollution from oil spill is ravaging the environment. The resultant oil pollution has rendered farm lands which were formerly fertile to be barren and aquatic lives wickedly destroyed, thereby denying the local farmers their major sources of livelihood (Osaneku, 2013; Sun, 2013; Oluoh, 2014).

Crude oil theft leads to declaration of force majeure which prevents the oil companies from meeting their contractual agreement. The theft – and the sabotage often associated with it – is forcing major oil companies, including ExxonMobil, Royal Dutch Shell, Eni of Italy, Chevron of the US and Total of France, to shut down wells too. Shell Petroleum Development Corporation (SPDC) has consistently declared force majeure on its operations, from 2009, 2010, 2011, 2012, 2013 and 2014. This was due to the activities of oil thieves who had damaged its pipeline thus disrupting production. As of March 30th 2013, Shell Nigeria, one of the largest oil companies in operation in the Niger Delta in Nigeria shut down a major oil pipeline, the Nembe Creek Trunkline which transports 150,000 oil barrels per day, with the estimated losses close to half a billion U.S. dollars. While Shell only owns a 30 percent share of that oil, it declared force majeure and opted to close the pipeline. It still stands to lose \$5m every single week. But why would Shell do that? The aforementioned action was simply the last step possible for oil companies to combat the rising tide of oil theft (El-Salmy, 2014).

The upsurge in oil theft in the Niger Delta has also led to some oil companies divesting their facilities and operations in the region. For instance, due to the incessant oil theft, Shell sold four oil fields which it operated in Nigeria, in line with its global cost-saving initiative. Shell in 2013, put up for sale its 30 per cent shares in four oil blocks in the Niger Delta -Oil Mining Licence (OML) 18, 24, 25, 29 - as well as a key pipeline, the Nembe Creek Trunk Line (Izuora, Alohan and Echenim, 2014). Other companies, including Total, Eni, Chevron and ConocoPhillips, have sought to pull out of the oil-rich West African country which has been plagued by rising oil spills, sabotage and industrial-scale theft from Nigerian wells and pipelines of up to 150,000 barrels a day. (Izuora, Alohan and Echenim, 2014).

#### **IV. The Way Forward**

Oil Bunkering in Nigeria is a long-standing problem that threatens the social, economic, and political development of one of Africa's most resource-rich countries. Oil theft in Nigeria is an old problem with new effects that requires committed and long-term solutions. A strategic approach to invest in the Niger Delta region where bunkering takes place (especially in the realm of oil refineries) would strike several birds with one stone; it would remove local bunkerer's incentives to do such dangerous and harmful work, it would reduce the state's recurrent problems with supplying fuel, and it would hopefully reduce political tensions in the region (El-Salmy, 2014).

The stolen oil trade problem must be tackled at its source which is unemployment and poverty. There must be a partnership between the Nigerian government and the international community to invest more and expand the legitimate oil sector. This would provide more opportunities for the local community which could benefit from their region's rich oil resources without resorting to theft. Legitimizing and improving many of the illegal oil refineries by bringing them under the management of oil companies could also be a viable option



(Sun, 2013). For many communities throughout the Niger Delta, lacking basic services, untouched by the post-amnesty rehabilitation and with limited economic opportunities, oil theft and artisanal refining may constitute a livelihood survival option, albeit with high environmental, social and public health costs. The Nigerian government in concert with oil industry should seek to channel ingenuity and skills acquired and adapted by artisanal refiners into economically productive and less high risk environmentally damaging activities (UK Niger Delta Working Group, 2012).

Inclusion of the native people who feel excluded from the policies of the government and oil exploration companies should also be explored. At least when the host communities have the sense of belonging in the sharing of oil proceeds, they could as well redouble their efforts in protecting the common good (Oluoh, 2014). Another alternative which a school of thought has always put forward is that of legalizing the activities of illegal refineries. The argument being pushed forward is that as the government owned refineries across the country, with all the experts cannot work up to acceptable capacity, leading to incessant scarcity and wholesome importation of petroleum products, the native refineries should be empowered by supplying to them, enough crude to refine for the masses. Those in this school of thought believe that with needed training and adequate supply, their activities could become legal, monitored and of better benefits to the nation (Oluoh,2014).

The fight against oil theft and illegal bunkering also requires a multi-faceted approach that takes on board stakeholders and governments at all levels. It is a fight that should be elevated beyond the present practice of award of pipeline surveillance contracts to selected ex-militants which has not worked, but only increased the loss. The government should seek to connect communities to oil pipelines by pursuing genuine community development programmes to demonstrate that oil is working for the communities ( Garuba, 2013). Nigerian government in collaboration with other African countries within the Gulf of Guinea should provide new satellite technology to show and monitor all cargo and crude oil vessels operating within the sub-region. This will assist to monitor and detect oil vessels and tankers carrying out illegal bunkering within the high seas for necessary prosecution. Also the Federal Government should urgently address the issues that led to militancy in the Niger Delta. Prominent among which are poverty, environmental degradation, underdevelopment, unemployment, resource control, etc. More importantly, the post-amnesty programme will be jeopardized if the Government is unable to create opportunity for employment to absorb all those who are undergoing training. Therefore, the government should endeavour to engage or absorb all the ex-militants after they complete their post-rehabilitation vocational or educational training either in Nigeria or abroad. This would enable them to avoid any further criminality in the Niger Delta. Furthermore, the government should not just focus its attention only on the ex-militants and their leaders but also on the avalanche of youths in the region without basic skills and means of livelihood.

## **V. Conclusion**

The proclamation of Amnesty Programme by late President Yar'Adua in 2009 was seen as a bold step to curb militancy, oil theft and other criminal activities in the Niger Delta. However five years after the inception of the programme, the issue of oil theft in the region seems to have increased more than the pre-amnesty era. This calls to question the rationale and effectiveness of the Amnesty Programme. Thus this paper made an attempt to examine the connection between the Amnesty Programme and the upsurge of oil theft in the Niger Delta. The paper posits that the increase of oil theft is due to the fact that the perpetrators of illegal bunkering are spread throughout society, and exist on many social levels. While there is a wealthy elite profiting from the actions of local communities within the Niger Delta, the illegal trade will continue. This problem is not just confined to Nigerians but also involves international partners, further embedding the crime in an international web of benefitting parties. The Nigerian government, international oil companies, the oil communities, neighbouring countries in the Gulf of Guinea and other stakeholders in the oil sector need to work together to bring a lasting viable solution to the menace of oil theft in the country. Above all, the Nigerian Government has to muster the political will to end oil theft in the Niger Delta region.

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