IDA AFRICA WATCH

Volume 11
June 30, 2016

NIGER DELTA AVENGERS: WHO ARE THEY AND WHAT DO THEY WANT?

By Dr. Stephanie M. Burchard

Photo from Niger Delta Avengers website, "Clough Creek Tebidaba Agip Pipeline Manifold Blown Up," http://www.nigerdeltaavengers.org/2016/02/clough-creek-tebidaba-agip-pipeline.html, February 22, 2016.

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IDA's three federally-funded research and development centers provide objective analyses of national security issues and related national challenges, particularly those requiring scientific and technical expertise.

IDA's Africa team focuses on issues related to political, economic, and social stability and security on the continent.

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Oil and Development in the Niger Delta

The vast majority of Nigeria's oil reserves are located in an area of southern Nigeria commonly referred to as the Niger Delta. First discovered in 1956, oil today makes up virtually all of Nigeria's export earnings (95 percent) and funds the vast majority of the government's revenue (58 percent in 2014). Despite this seeming boon for the Niger Delta, the discovery of oil has had a relatively negative impact on the region. There are myriad environmental concerns related to oil spills, water pollution, and soil degradation; indigenous people have been displaced in large numbers to make way for oil infrastructure; and conflict between and within oil-producing communities has been all too common, especially over the past 30 years.

As the size and power of the federal government has grown over time, the share of revenue that oil-producing states keep has steadily declined. In the 1960s, oil-producing regions in Nigeria split revenue evenly with the federal government: 50 percent went to the state/region of origin and 50 percent to the government to redistribute. Under military rule in the late 1970s, revenue sharing arrangements changed significantly. By the early 1980s (and after the re-division of Nigeria into 36 states), oil-producing states received only 1.5 percent of oil revenue. After the resumption of multiparty politics in 1999, there was a great deal of wrangling over the allocation formula, with oil-producing states demanding a much larger guaranteed share of oil revenue than they had been receiving. The current formula, decided upon in 1999, distributes government revenue as follows: 56 percent to the federal government, 24 percent to state governments, and 20 percent to local governments with a 13 percent minimum guarantee for oil-producing states.

Presidential Amnesty Program

During the 1990s and 2000s, several groups emerged to challenge the federal government's authority over the Niger Delta and its share of oil revenues. In 2006, the government finally responded to these attacks with military force. In 2009, after three years of intermittent fighting between a military joint task force and a multitude of armed militant groups, former President Umaru Yar'Adua attempted a new approach to resolve the conflict in the Niger Delta. He introduced the Presidential Amnesty Program (PAP), a 5-year initiative that provided stipends to former militants and promised vocational training for those who traded in their weapons. The program cost an estimated $23 million per year but proved to be little more than an officially sanctioned bribe. Militia leaders created pipeline security consulting groups and, in turn, were paid to protect the same pipelines they were previously attacking. Leaders also reportedly received stipends in bulk and were responsible for distributing them to their members, but with no oversight by the government to ensure equitable distribution processes.

When President Muhamadu Buhari came to power in 2015, he vowed to fight corruption and wasteful government spending. One of his campaign promises was to cut spending for the PAP, which opponents viewed as merely a temporary and very expensive solution to militancy in the Niger Delta. It was argued that as soon as the payments stopped, the conflict would resume. President Buhari began a gradual phasing out of PAP by reducing funding for the program by 70 percent in the 2016 budget.

Enter the NDA

In February 2016, the NDA launched its first attack. It operates mostly in Delta and Bayelsa states and thus far it has focused its attacks on pipelines and other elements of the oil infrastructure. In May it was estimated that militant attacks were responsible for a reduction of nearly 800,000 barrels of oil per day.

The NDA's origins are murky. Some have said that the group is made up of many of the long-time militants from the region. The NDA, however, appears to want to distance itself from militant groups of the region's past, and it has cautioned former members of the Movement for the Emancipation of the Niger Delta (MEND), the largest of the pre-existing militant groups, against seeking to speak on NDA's behalf. Others allege that NDA is composed of people who were left out of the previous amnesty program, but this does not explain why they would begin their attacks *after* funding for PAP was cut. In fact, the NDA has criticized the PAP as a way to buy off former militants and allow them to share in the region's largesse without any benefit to the people of the Niger Delta. Still others are accusing the Delta's political elites, including former president Goodluck Jonathan, of supporting NDA to discredit the Buhari regime.

The NDA says it is fighting for development of the Niger Delta. The group accuses the government of exploiting the region's resources, allowing multinational oil companies to pollute their water and land. They claim that successive Nigerian governments have used intimidation, terror, and violence to keep the population quiet and continue producing oil at any cost. The group is demanding, among other things, that the government provide clean drinking water, electricity, roads, education, and employment for all of the Niger Delta. The NDA also claim that it is not engaging in deliberate provocations of the military and is attempting to avoid casualties. The NDA is attacking oil infrastructure only to call attention to their cause. The group has not yet been accused of many of the tactics familiar to previous groups such as kidnapping, ransoming, or oil bunkering (theft).

Conclusion

The initial government response to the NDA's attacks was, true to form, a military one. The army was deployed to the Niger Delta to hunt down NDA members. Recent events, however, suggest that the government has reconsidered this approach and is pursuing dialogue. The government announced a cease-fire with the NDA, although the group denies it has any such agreement. Nonetheless, NDA attacks have stopped for the time being.

There are lessons that can be gleaned from more than 20 years of recurrent conflict in the Niger Delta— and Nigeria more generally. First, although the Niger Delta desperately needs additional security, any military response must be careful and measured. The Nigerian military is a traditionally trained force that struggles with counterinsurgency operations. In addition, because the NDA enjoys some tacit community support, a large-scale military response could further alienate an already aggrieved population in the Niger Delta. The PAP, while innovative in theory, was poorly managed and poorly executed. Money was disbursed with little or no accountability. There was no long-term approach to development and, despite the program's stated goal of training and development, nothing sustainable materialized. The Nigerian government should consider a good-faith effort to address the feelings of injustice and inequality that have plagued the Niger Delta for decades.

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A Difficult Economic Legacy

As the *Financial Times* has reported, at Zimbabwe's independence in 1980, Robert Mugabe was seen as a visionary leader who could create an African success story. For several years, he seemed intent on just that, implementing progressive social policies and attempting reconciliation with the former white ruling majority. After that promising start, however, Zimbabwe descended into political repression and an economic abyss from which it has not emerged. Beginning in 2000, Zimbabwe's government seized thousands of farms without properly compensating their owners, who were mostly white farmers. Predictably, agricultural production plummeted. According to the Commercial Farmers' Union, Zimbabwe's agricultural output declined 69 percent in volume and 70 percent in value from 2000 to 2009. Unwise monetary policy compounded the problem. Issuance of massive amounts of currency led to hyperinflation, which reached a historically high rate of 500 billion percent in 2008. The decision in 2009 to scrap the Zimbabwe dollar in favor of the U.S. dollar and other hard currencies stopped inflation, but also deprived the government of the capacity to manage the economy through monetary policy.

Current Outlook is Grim

Today, Zimbabwe is again mired in an economic morass. Industrial capacity utilization fell from 57 percent in 2011 to 34 percent in 2015. Only 6 percent of the working population are employees of either large companies or the government and have taxable income. According to some sources, government wage costs exceed 80 percent of all government spending. The IMF reports that external debt is estimated at 76 percent of GDP, and it summarizes the current situation as follows: "Zimbabwe's economic difficulties have deepened. Drought, erratic rains, and increasing temperatures, have reduced agricultural output and disrupted hydropower production and water supplies. Economic activity is severely constrained by tight liquidity conditions resulting from limited external inflows and lower commodity prices." Without international food aid, there would be severe hunger in Zimbabwe. Most recently, the government has failed to pay its employees, delaying wage payments for the military until the end of June and for civil servants until mid-July.

Yet There May Be Reason for Hope

With its back to the wall, the government of Zimbabwe has begun to address its economic problems. Although Zimbabwe's voting rights at the IMF and its ability to use the resources of the Fund have been suspended since 2001, the country has engaged with the IMF at the staff level. The so-called Staff-Monitored Program (SMP) included an in-depth assessment of Zimbabwe's political and economic situation and an evaluation of the government's effort to come to grips with economic problems. The SMP concluded in December 2015. In the report on the SMP, the IMF stated that the Zimbabwean authorities had demonstrated strong commitment to implementing a program of macroeconomic and structural reforms. The report noted indications of fiscal discipline and the beginning of efforts to rationalize public expenditures and reduce public employment costs. The Reserve Bank of Zimbabwe was commended for restoring confidence in the financial system and strengthening that sector.

Although none of the reforms undertaken to date will have decisive effect, they have laid the groundwork for more meaningful efforts to clear Zimbabwe's arrears to the international financial institutions (IFIs). Currently, Zimbabwe owes $1.8 billion to the ADB, the IMF, and the World Bank. According to *Africa Confidential*, representatives of Zimbabwe and of the IFIs have met on the margins of IMF and World Bank meetings in Lima, Peru, and at a special meeting of the ADB in Lusaka, Zambia, to agree on a roadmap for Zimbabwe's return to the international system. According to the report, the Zimbabwean Finance Minister will discuss a schedule for resolving arrears in talks with the Paris Club of official creditors on June 30, 2016. If the meeting in Paris proves successful, the next step would be for the government to negotiate with the IMF on a medium-term program of restructuring.

But Significant Hurdles Remain

Even though a tentative effort to address the country's economic problems has begun, great uncertainties and challenges for Zimbabwe remain:

- Who will extend the financing needed for Zimbabwe to clear its arrears? Rumors of various bilateral deals have circulated, but none have become concrete. The European Union is supportive of Zimbabwe's economic reform program, but would likely make any lending dependent on political reforms. The United States, which would likely push even harder on governance issues, is constrained by U.S. law—the Zimbabwe Democracy and Economic Reform Act of 2001—which obliges the United States to vote against loans for Zimbabwe except to provide for basic needs and good governance.
- Will the government be able to exert fiscal discipline without risking turmoil within the ruling Zimbabwe African National Union-Patriotic Front (ZANU-PF) party and social unrest? Some within the ZANU-PF are already rejecting cuts to the public sector payroll. It is easy to imagine that using scarce government revenues to provide compensation for farms that were taken over, as the government has pledged, would be widely unpopular in the ZANU-PF. Especially as elections in 2018 approach, leaders within the ruling party may well prioritize political survival over economic reform.
- How will Zimbabweans manage in the short term, even with the prospect of medium-term help? The latest problem for Zimbabwean consumers is a shortage of U.S. dollar currency. The scarcity of dollars is making small transactions difficult, inflicting additional damage on the retail sector. The government has announced its intention to issue "bond notes" that would be pegged to the U.S. dollar. Some are concerned that this move could amount to the reintroduction of the Zimbabwean currency, and the IMF has stated that it is "currently assessing the implications of the measures on the economy, including the more recently announced issuance of bond notes."

These are significant problems, but at least the government of Zimbabwe is seeking to find solutions to them in concert with its international partners. With goodwill on all sides—and with needed progress on governance issues—we may be seeing the beginning of the beginning of real progress on Zimbabwe's deep economic problems.

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