Oil Exploration and Poverty in the Niger Delta Region of Nigeria: A Critical Analysis

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Abstract

In the ongoing debates about the Niger Delta region of Nigeria, significant emphasis has been placed on the devastation of the environment by oil and gas exploration which has resulted to excruciating poverty. Oil exploration in the region and its attendant abuse on the environment has been more conspicuous in recent time. It has been argued that the oil producing areas of this region suffer from grave damages as a result of this oil exploration. It is argued in this paper that the ecologically unfriendly activities of the multinational corporations in the region lead to environmental degradation, and environmental degradation in turn leads to poverty. It is the dynamics of this interconnectedness that we wish to explore in this paper. In other words, the paper examines the correlation between oil exploration and environmental degradation in the Niger Delta region; the relationship between social and economic underdevelopment in the region and environmental degradation; and examine to what extent oil exploration is responsible for poverty in the region.

Introduction

The Niger Delta is an area in Nigeria comprising of wetlands and dry lands which covers about 70,000sq.kilometres. The region which consist of a number of distinct ecological zones, coastal ridge barriers, mangrove swamps, fresh water swamps, forests, and lowland rain forest is dominated by rural communities that depend solely on the natural environment for subsistence living. According to UNDP Report (2006), more than seventy percent of the people depend on natural environment for their livelihood. The region is home to more than 10 million people.

Many Nigerians perceive the Niger Delta as synonymous with the oil producing areas of Nigeria. In other words, the Niger Delta includes the states of Abia, Akwa Ibom, Bayelsa, Cross River, Delta, Edo, Imo, Ondo and Rivers. The region is blessed with abundance of human and physical resources, including the majority of Nigeria's oil and gas deposits, good agricultural lands, extensive forests, excellent fisheries, as well as with a well developed industrial base (Duru,1999:81).

The Niger Delta region of Nigeria is richly endowed with natural resources with oil and gas accounting for over 85% of the Nation's gross domestic product (GDP); over 95% of the National budget; and over 80% of the national wealth. Dokubo (2004). Paradoxically, the region remains the poorest, due largely to the ecologically unfriendly exploitation of oil and state policies that expropriate the indigenous peoples of the Niger Delta of their rights to these natural resources. It is believed that since the advent of oil exploration some decades ago, the region has become the breadwinner of the nation, accounting for over 90% of the nation's export earnings since 1975.

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The ecological devastation occasioned by oil exploration has rendered farming and fishing, which are the main occupations of the rural people of this region, useless. Pollution and continuous flaring of gas from oil prospecting and production have created health hazards and rendered fishing and other farming activities almost impossible. Also, occasional large oil spills kill fish; destroy agricultural crops; pollute the waters which seriously affect families and communities. According to the Department of Petroleum Resources, between 1976 and 1996, a total of 4,835 incidents resulted in the spillage of at least 2,446,322 barrels.

Several years of oil exploration and exploitation by Multinational Corporations, and the hazards of spillage and gas flaring which accompany it, have degraded the environment of the region and left the communities desolate. Not only have farming and fishing, the major occupations of these mostly riverine minorities been decimated, their territories have continuously lacked basic infrastructure and amenities - electricity, roads, schools, hospitals, portable water, etc.

Environmental degradation issues are of topical concern to communities of the region as it is a major cause of productivity loses. This is the main reason why exploration and exploitation impact on the region cannot be overemphasized as the dominant view blames the oil production and its attendant consequences for the declining productivity of the region which is predominantly based on fisheries and other agricultural activities.

It is argued in this study that ecologically unfriendly activities of the multinational corporations engaged in oil exploration have led to environmental degradation of the Niger Delta region which has in turn led to acute poverty in the region. It is the dynamics of this interconnectedness that this study wishes to explore.

**Oil Exploration in the Niger Delta Region**

According to Azaiki (2003), "the search for crude oil in Nigeria began as far back as 1908 when a German company, the Nigerian Bitumen Corporation, started exploration in the Araromi area of western Nigeria". The pioneering effort of this company was aborted by the outbreak of the First World War in 1914. Shell Petroleum Development Company continued with oil exploration in the Niger Delta region. The company made its first oil discovery in 1956 at Oloibiri in the Niger Delta region after about half a century of exploration. Nigeria joined the ranks of oil producers in 1958 when the company discovered oil in commercial quantity producing about 5,100 barrels per day (bpd).

Today, the oil industry is highly visible in the Niger Delta and has control over a large expanse of land. Shell Petroleum Development Corporation operates over 31,000 square kilometers (Aworawo, 2000). The area is crisscrossed by thousands of kilometers of pipelines, punctuated by well and flow stations. Much of the oil infrastructure is located close to the homes, farms and water sources of communities in the Niger Delta region (Taiwo, 1991).

After Shell British Petroleum, which discovered and drilled the oil at Oloibiri, joined the ranks of oil producers in 1958, exploration rights on onshore and offshore areas adjoining the Niger Delta were later extended to other foreign companies such as Mobil, Chevron, Total etc. Further exploration and production activities, according to Steve Azaiki, were hampered between 1967 and 1970 by the Nigerian civil war. Total production from Nigeria's oil fields in the Niger Delta region increased from 308 million barrels in 1970 to 703,455 million barrels in 1991. The peak of its production came in the 1980s when the total output was 753.5 million barrels per annum (bpa), out of which 93 percent was exported overseas (Azaiki, 2003).

Despite its major problems of civil unrest, political instability, corruption and poor governance, international oil companies have always seen Nigeria as an attractive area of upstream investment. Oil exploration has taken place in five major sedimentary basins, namely, the Niger Delta, the Anambra Basin, the Benue Trough, the Chad Basin and the Benin Basin. The most prospective basin is the Niger Delta which includes the continental shelf and which makes up most of the proven and possible reserves. All oil production to date has occurred in this basin (ibid).

**Multinational Corporations and Environmental Degradation in the Niger Delta Region of Nigeria**

Although the bulk of crude oil which is Nigeria's main source of revenue is derived from the Niger Delta region of the country, this region belongs to the rank of the most backward and politically marginalized in Nigeria.
Over eighty percent (80%) of Nigeria's wealth comes from oil which is pumped out of the Niger-Delta regions in millions of barrels daily by Multinational oil Corporations like Shell, Chevron, Mobil, etc. Despite this wealth of natural resources, the indigenous people of this area are still very poor and their environment polluted. Many residents of this region still sleep in mud houses without electricity, drink dirty water from ponds and rivers, and live far below subsistence level. They survive by fishing, but oil spillage has damaged their fish stocks. The oil wealth accruing from their land is shared between the Nigerian government and the oil companies with very little or nothing getting to the communities. "The government's share of the money often ends up in the private bank accounts of corrupt government officials." This explains why, in many instances, government's position has always been in favour of the multinational oil corporations in conflicts with the host communities.

In 1995, the World Bank conducted a study of the environmental hazards in Niger Delta. The study entitled "Defining an Environmental Development Strategy for the Niger Delta" was quick to note that "the Niger Delta has been blessed with an abundance of physical and human resources, including the majority of Nigeria's oil and gas deposits, good agricultural land, extensive forest, excellent fisheries, as well as developed industrial base, and a vibrant private sector" (World Bank Report, 1995). However, the region's tremendous potential for economic growth and sustainable development remains unfulfilled and its future is threatened by deteriorating economic conditions that are not being addressed by government policies and actions. The report went on the say that despite the vast oil reserve in the Niger Delta; the region remains poor with education level below the national average. According to the report, while seventy six percent (76%) of Nigerian children attend primary schools, the level in some parts of the Niger Delta has dropped.

The existence of multinational oil Corporations in this region does not show any sign of true development there, rather, they exist to maximize profit, as their main concern is to explore and produce crude oil profitably. This view corroborates the thinking of Bamet and Muller (1974) as they stated that "the unfortunate role of the global corporation in maintaining and increasing poverty around the world is due primarily to the dismal reality that global corporations and poor countries have different, indeed conflicting interests, priorities and needs. The primary interest of the global corporation is worldwide profit maximization."

Oil exploration and exploitation in the Niger Delta region has destroyed the means of livelihood of the inhabitants. Lack of employment has led many jobless youths to emigrate to the towns and cities where they are not guaranteed to have jobs. The oil money is neither invested in their localities nor in the cities around them, rather such monies were channelled to other major towns and cities outside the region or invested in infrastructure which the region hardly benefits from.

The Nigerian government and the multinational oil corporations operating in the Niger Delta area have refused to come to terms with the fact that they are obligated to provide clean pipe-born water, good roads, schools, health care services to the people of this region in reciprocation of the crude oil extracted from there. Even when these amenities are provided, they only facilitate the exploitation of the communities as evidenced in the construction of access roads that link up their various oil and gas fields and not necessarily to develop the host communities (Azaiki, 2003).

**The Impact of Oil Exploration and Environmental Degradation on the Economy and Society of the Niger Delta Region**

According to Otoabasi, Akpan, the search for petroleum oil in Nigeria started during the first decade of the 20th century, specifically in 1903, eleven years before the amalgamation of Nigeria. It was in Ikot Akata in today's Akwa Ibom State that the searchers announced "eureka - we have found it" in 1953. This was a cry of triumph at the discovery of oil in Nigeria. Indeed, oil which has changed the socio-economic landscape of Nigeria and the thought pattern of Nigerians was first discovered in Akwa Ibom State. Oloibiri in Bayelsa State was rather the first place that oil was found in commercial quantity and indeed the first site from where the product was exported (Akpan, 2004).

Writing in his book "Understanding the Niger Delta Crisis," Ibaba posited that while oil was found in large quantity in 1956, it was not until 1958 that actual production started in commercial quantity with an output of about 5,100 barrels per day. According to him, this rose to a peak of about 2.3 million barrels per day at the height of the oil boom (Ibaba, 2001).
Available data show that Nigeria has about 31.4 percent of Africa’s proven reserves and about 1.97 percent of world reserve. Indeed, the oil industry has bestowed enormous financial resources on the country. It was estimated that between 1980 and 1993, about 211.3 billion dollars was generated as federal government revenue through oil sales.

This oil exploration and its wealth generation for the country is not without its negative impacts on the socio-economic development of the country, especially the Niger Delta region where the oil exploration is carried out. Available statistics on the Niger Delta clearly show that the oil industry has impacted more negatively on the rural communities from where oil is produced in varied dimension. One of such studies as highlighted by Ibaba states thus:

"The petroleum industry has for long been plagued by operational conflicts which centre around such concerns as widespread environmental degradation, human displacement, inadequate compensation for losses imposed in the oil producing communities and inadequate community level involvement which often leads to alienation between state and the indigenous population" (Ibaba, 2001: 25)

Environmental experts have infact identified oil spillage as the major variable which have impacted negatively on the communities of the Niger Delta region. Records reveal that between 1976 and 1990 alone, a total of 2,796 oil spill incidents occurred in the country. According to these experts, the situation resulted in the spilling of 2,105,393 barrels of oil into the environment. The impact of these oil spills on the communities is varied and devastating. A mass of empirical evidence generated by scholars support this position. One of such studies has pointed out that:

"Oloibiri is a shadow of its former self. Farming which used to be the mainstay of the community's economy has been paralyzed as farmlands have been destroyed, fishing activities grounded and aquatic life virtually castrated by many years of oil prospecting and exploration."

(Ibaba, 2001:12)

The above observation connotes that oil spillages have destroyed the very basis of the economies of the local communities which host the oil industry. Put differently, the blame concerning the crisis of development has been placed on the oil companies. A UNDP report indicates that there are more than 7,000 kilometres of pipelines and flow lines and 275 flow stations operated by more than 13 oil companies (UNDP Report, 2006).

According to the aforementioned UNDP Report, the productive and environmental impacts of the number of operators are at the increase everyday in the region. The percentage of the land of the region occupied by the oil industry is less than five percent, but the adverse effects associated with its operations are innumerable and region-wide.

Besides oil spills as source of environmental degradation in the Niger Delta, gas flaring stands out as another major source. About 80 percent of gas is flared by the oil companies operating in the country.

Okoko has decried the method of gas flaring by the oil companies operating in the Niger Delta area. He stated that these companies employ the "open-pipe flare" which is very damaging to the environment. This method has no provision for pollution abetment. Consequently, the flame produces the worst level of atmosphere pollution and nuisance (Okoko, 2002: 21). Gas flaring has also been identified as having disastrous impact on agriculture. Ibaba's study on the impact of gas flaring on the environment has disclosed that there is about 100 percent loss in yield of all crops cultivated about 200 metres away from Izombe station (a flare site), 45 percent loss for about 600 metres away and about 10 percent loss in yield of crops about one kilometer away from the flare. Economic trees such as oil palm trees, cotton trees, etc have been withered away by flared gas (Ibaba- 2001: 28). On the whole, oil exploration in the Niger Delta has threatened nearly all aspect of the regions communities' existence.

The Inextricable Link between Environmental Degradation and Underdevelopment in the Niger Delta Region

In analyzing the problem of underdevelopment in the Niger Delta, Steve Azaiki posed the following questions: why has the Niger Delta remained underdeveloped for decades despite the fact that it contributes about 90 percent of the nation's wealth?
Why is there stagnation in the mode of life and living standards of the people for decades? Are there concrete signs that the communities and rural dwellers in the Niger Delta are moving further away from the zone of underdevelopment? (Azaiki, 2003: 103).

In summarizing the answers to the above questions posed by Azaiki, some scholars and environmental experts have linked the problem of underdevelopment in the Niger Delta region to oil exploration and environmental degradation in the region. Onweh (1996), Shaw (1998) and Onyige (1996) have argued that the underdevelopment of the oil producing communities in the Niger Delta region is a direct consequence of oil exploration and environmental degradation in the region. To them, underdevelopment has largely been understood in the context of lack of social amenities such as pipe-home water, good roads, hospitals, schools and employment opportunities. Corroborating the above assertion by the trio, Duru (1999: 40) opined that "experience of the area has shown that even when shell provided these amenities, they only facilitate the exploitation of the communities as evidenced in the construction of its access roads that link up its various oil and gas fields and not necessarily to develop the host communities" Osaghe (1995), in similar vein, recounted that the neglect and underdevelopment is the plight of every community in the Niger Delta region due to oil exploration which has resulted to adverse environmental degradation.

In his own observation, Azaiki (2003: 105) identified ecological disaster such as flooding, environmental pollution caused by oil spillage and gas flaring (which lead to air and water pollution), desecration of the natural vegetation and wild life as some of the most serious factors retarding development in the Niger Delta region. All the aforementioned factors are direct consequences of oil exploration in the region.

The Niger Delta region is underdeveloped in all its ramifications, despite the fact that it is the bread basket of Nigeria. Whittington (2001) aptly described the economic dilemma of the region when he stated that "the oil region in Nigeria seems to be stuck in time warp, with little real change since oil was discovered 45 years ago. Away from the main towns, there is no real development, no roads, no electricity, no running water and no telephone." The underdevelopment is so severe, the youth of the region are the hardest hit by lack of development. This is why many of them have resorted to militancy in an effort to focus national and international attention to their plight. Despite all the claims by the oil companies to be involved in the development of the region, it is to the contrary. The pervasive underdevelopment made Whittington to note that, "the government and oil companies have profited by hundreds of billions of dollars since oil was discovered, yet most Nigerians living in the oil producing region are living in dire poverty." Unemployment is very high among the people of the Niger Delta as the oil companies do not hire their employees from the region that produce the oil, but from non-oil producing regions of Nigeria. Also, the issues of underdevelopment and unemployment made members of the Akwa Ibom House of Assembly to launch a protest against Mobil Producing Company in May, 2001. Mobil is the largest oil company in that part of the Niger Delta with a major facility at Eket.

I will conclude this part by drawing attention to the observation made at the World Conference on Environment and Development in 1978. The participants at the conference observed that "environment and development are not separate challenges; they are inexorably linked. According to them, "development cannot subsist upon deteriorating environmental resource base; the environment cannot be protected when growth leaves out of account the cost of environmental destruction. Fragmented institutions and policies cannot trace these problems separately. They are linked in a complex system of cause and effect."

**Poverty in the Niger Delta Region**

In his study of London in the 1880s, Charles Booth defined the poor as "those living under a struggle to obtain the necessities of life and make both ends meet," and the very poor as "those who live in a state of chronic want." A poor person lives in deprivation and social insecurity. Hunger, inadequate shelter, squalid environment, deficient health services, unemployment, very low life expectancy and illiteracy conspire to make life an intolerable burden for the poor in any society.

Poverty is all consuming and complex. It has many causes. It can neither be reduced nor eradicated through one definite approach alone. There must be sustained multi-dimensional approach, involving the commitment of the entire society.
Poverty in Nigeria is one of the indicators of Nigeria's decades of economic crisis which has had attendant effects on the citizenry today. The failure of the post-colonial state and the oil boom of the 1970s that hit the global oil market had been collectively attributed as the causes of abject poverty in Nigeria.

Other factors that have been increasing the level of poverty in the country are easily noticeable in the high rate of unemployment, corruption and looting of public treasury by government officials, high rate of inflation etc. Professor Charles Soludo observed in 2004 that poverty has persisted in Nigeria especially since the 1980s due to economic recession and mismanagement of state funds by the ruling elite both military and civilian alike.

It is in the midst of this excruciating poverty that is facing Nigeria that the people of the Niger Delta are routinely being impoverished and pauperized; writing about the nature and types of poverty in the Niger Delta, Aworawo (2000) commented that the economic conditions of the Niger Delta reflect unequivocally that poverty is endemic in the region. He asserts that one of the indicators of poverty in the region is the constant disruption of the mainstay of the traditional economy of the people by the activities of the multinational oil companies operating there.

Consequently, this often leads to pollution of the coastal water that produces fishes for the people, and stoppage of farming activities because of oil spillage. Because of this type of economic incapacitation of the people, inhabitants of the Niger Delta region are today living in poor health conditions and environmentally polluted atmosphere that constrain good standard of living. It is as a result of the economic and social consequences of oil exploration in the Niger Delta region that made the World Bank in its report in 1995 lament that 'despite the vast oil reserve, the Niger Delta remains poor. GNP per capita is below the national average of US$280 in the face of high population growth rate combined with severe habitable land constraints.'

The people of the Niger Delta are among the poorest in terms of living conditions in Nigeria. According to Nwanna (2002), 'seventy percent of the inhabitants still live in rural subsistent existence characterized by a total absence of such basic facilities as electricity, pipe-borne water, hospitals, proper housing and motorable roads.'

Osuntokun (2000) and Onosode (2000) also assert that over the years, oil has sustained Nigeria's economic growth, improved the standard of living of other non-oil producing regions at the expense of the host communities whose natural resources are being exported abroad. "Many Nigerian cities have been developed with the oil wealth while towns and villages in the Niger Delta have become eyesore today". There are empirical evidences from researches done by scholars previously that confirm the assertion that poverty is a serious economic and social problem in the Niger Delta.

What is going on in the Niger Delta region is a clear demonstration of the fact that after many decades of oil exploration in the region, the natives have become poorer and less empowered, contrary to what one would have expected, judging from cases of oil countries like Saudi Arabia and Venezuela, who have learnt how to manage the excess wealth generated by oil. Crude oil as an essential commodity in this technological age; even though it has empowered many countries that possess it, has ended up impoverishing some countries like Nigeria, who cannot manage the enormous profit it generates as a result of corruption, selfishness and greed.

**Theoretical Perspective**

To better understand the socio-economic impact of oil exploration in the Niger Delta region, and the environmental degradation resulting from the activities of multinational oil companies in this region, the Dependency theory will be adopted in this paper.

The Dependency theory derives its tradition from Marxism. The Marxists argue that the wealth and poverty of nations results from the global process of exploitation. The theory argues that the underdevelopment of the Third World Countries is neither as a result of cultural backwardness nor poor technological development, rather it is as a result of unequal economic relation between the rich North and poor South. This is the situation that Andre Gunder Frank refers to as "the development of underdevelopment". The problem of the country is not the lack of technological know-how, cultural traits conducive to development, or modern institutions, but they have been subjected to the exploitation of the international capitalist system and its special imperialist agents, both domestic and foreign. The infiltration of western capitalist mode of operation into the poor countries has resulted in situations characterized by economists as "growth without development" as we have now in the Niger delta region.
By dependence in this work, we mean a situation in which the economy of certain countries is conditioned by the development and expansion of another economy to which the former is subjected. Dependency theory explains the underdeveloped status of the Third World Countries. The theory also focuses on the explanation of the economic dependence of Third World states on developed countries of the world.

It has been posited by some political scientists that dependence is the result of unequal relationship where the weaker of the parties is dominated by the stronger. The theory explains the underdeveloped status of African states in particular and the developing world in general. The argument of scholars of dependency theory is that capitalist penetration of Africa has developed metropolitan-satellite relationships. A useful explanation of this theory is the "Centre-Periphery" of Johan Galtung. Centre here connotes the developed states, while Periphery connotes the underdeveloped states. The centre-periphery model focuses on the dependence relationships that exist between the underdeveloped states of the world and the developed states of the world. It is argued that the presently developed countries got to their present state as a result of the underdevelopment of satellite countries. The bottom line here is that Dependency Theory stresses exploitation.

According to Gilpin (1987), there is a hierarchical structure of domination between the industrial core [centre] and the dependent periphery of the world capitalist economy. The "Centre-Periphery" model under the Dependency Theory maintains that the Third world is poor because it has been systematically exploited. Gilpin asserts that "the underdevelopment of the Third World is functionally related to the development of the core, and the modern world system has permitted the advanced core to drain the periphery of its economic surplus, transferring wealth from the less developed capitalist economy through the mechanism of trade and investment."

Although we cannot downplay the role of oil multinational corporations in Nigeria's economy, knowing fully well that the oil sector alone contributes about 85% of the nation's foreign income earnings, in our bid to consider the environmental degradation in the Niger Delta, being an aftermath of oil multinationals' operations there, the Dependency Theory explains the relationship that exists between the multinational corporations and the host communities of the Niger Delta region.

The Dependency theory will assist in understanding why much wealth is generated from the resources of the Niger Delta region by the oil multinational corporations for their parent companies, yet the region suffers from chronic poverty and environmental degradation. This confirms the assertion by Rodney (1972: 29) that "there is a relationship of exploitation which allows capitalist parasites to grow fat and impoverish the dependencies."

**Conclusion**

In this paper, we have highlighted the devastation of the Niger Delta environment as a result of several decades of oil production and the profound changes that had adverse effects on the local livelihoods and social well-being. The Niger Delta environment has suffered degradation as a result of oil and gas exploration leading to air pollution, water pollution and land degradation from oil spillage and gas flaring.

We also stated that such devastating activities on the environment of the people of the Niger Delta region who rely on the environment for livelihood has resulted into a number of multiplier effects on the people. These effects range from economic to social dimensions as well as health dimension. The study revealed that a number of social vices experienced in the region are direct effects from the economic implications introduced into the region by oil activities. The region is faced with myriads of environmental problems and diverse socio-economic constraints that are making life unbearable for the people of the region.

As Eteng (1996: 23) rightly noted, the negative impact of petroleum development on the ecosystem of the Niger Delta region has given rise to intense land degradation, rapid agricultural decline, fisheries depletion, rampant and destructive oil spillages, continuous gas flaring and toxic water contamination among others.

This study has been able to establish the fact that oil exploration and exploitation in the Niger Delta region by oil multinational corporations have wreaked havoc on the people of this region since 1958 when oil was discovered in commercial quantity.

The greatest negative tendency associated with this exploration and exploitation is environmental degradation. This problem is reflected in cases of water pollution, air pollution, soil degradation, deforestation and atmospheric changes among others.
The effects of all of these on productivity and health needs of the people of the region cannot be quantified. Indeed, the combined effects of these problems routed in mismanagement and neglect on the part of the Nigerian state and the oil multinational corporations have resulted in poverty.

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