

# Policyweekly

## Pipelines Surveillance Contract: Oiling the Niger Delta Conflict



### Policy Recommendations

- 1** Security organisations should be better trained, equipped and held accountable to ensure that they live up to their mandates, including abhorrence of corruption and collusion with criminals.
- 2** There is a need for conflict sensitivity in public policy making, considering the volatility of Nigeria's social milieu in general and that of the Niger Delta in particular.
- 3** More emphasis should be placed on communities rather than individuals in awarding contracts in the Niger Delta.

Currently, Nigeria is faced with the stark reality of the existential threat. As the country battles insurgency in the North-East, banditry in the North-West, farmer-herder conflict in the North-Central, and separatist agitations in the South-East and South-West, the phenomenon of [crude oil theft](#) has assumed unprecedented dimension in the South-South. Apart from Abia and Imo states in the South-East and Ondo in the South-West, the remaining six oil-producing states in the country are in the South-South geopolitical zone. The nine oil-producing states are critical to the political economy of Nigeria because of the enormous oil revenues generated from them. However, in the mid-1990s to late 2000s, a revolt against the federal government and oil companies in the Niger Delta region reduced oil production from two million to 700,000 barrels (Aghedo, 2013).

The deployment of state military power against the Niger Delta militants could not secure peace amid structural violence in the region (Nwokolo,

2017). Hence President Yar'Adua had to grant amnesty to the fighters in 2009 to obviate the costly [threat to oil production](#) in the volatile region (Idemudia, 2017). However, despite the amnesty programme, oil theft has continued at an alarming rate in the region. While there are different accounts of the volume of oil stolen every month, the industry regulator, the Nigerian National Petroleum Company Limited (NNPCL), confirms that the country loses about [470,000 BPD](#) of crude oil, amounting to \$700 million monthly as a result of oil theft. The Nigerian government has contracted pipeline protection to non-state actors in response to this haemorrhage. The latest award of a [N48 billion-a-year](#) contract to the former warlord of the Movement for the Emancipation of the Niger Delta (MEND), Government Ekpemupolo alias Tompolo, has generated both applause and opposition. This edition of Nextier SPD Policy Weekly examines the efficacy and challenges of pipeline surveillance contracts in Nigeria.

### Actors and Costs of Oil Theft

The perpetrators of the horrendous oil theft are varied and contentious, including local [gangs](#), [communities](#), and even [religious groups](#). However, the bigger thieves are political and economic elites who use superior technology and experts to drain off about [80 per cent](#) of crude oil. The alleged involvement of security operatives in criminal sabotage and illegal bunkering is more puzzling. In 2019, Governor Nyesom Wike of Rivers State had [fingered](#) even a General Officer Commanding in the scandalous theft of crude oil in Rivers State. A few weeks ago, a 3-million capacity supertanker, [MV Heroic Idun](#), illegally loaded crude oil in the Niger Delta and sneaked into the nation's territorial waters, curiously escaping the efforts of the Nigerian Navy to stop it. The Navy of Equatorial Guinea later arrested the ship. Oil theft engenders several implications for Nigeria. Besides those killed in the act of siphoning oil from active pipelines or the inferno that often accompanies the sabotage, the negative environmental impact of the crime is enormous. The impact on the country's economy is scary. The 2018 oil and gas [audit report](#) revealed that 1,894 breaks were recorded on pipelines that year, resulting in a revenue loss of ₦27.551 billion. The loss increased to [₦851.84bn](#) in 2019 and reduced slightly to ₦159bn in 2020. Between 2021 and June 2022, the Nigeria Upstream Petroleum Regulatory Commission [reported](#) that the nation's oil output dropped by 12.5 per cent to 1.4 million barrels per day, including condensate, in the first half (January-June) of 2022, from 1.6 mb/d in the corresponding period of 2021. Occasionally, members of the security agencies arrest some local vandals, but the big oil thieves often curiously escape their grips.

### Pipelines Surveillance Contract and its Discontents

The recent award of a [N4 billion-a-month](#) pipelines surveillance contract by the NNPCL to a company where Government Ekpemupolo (alias Tompolo) has dominant interests has generated both commendation and condemnation. Those in support of the contract emphasise Tompolo's familiarity with the terrain, his popularity in the Niger Delta and his experience from the initial pipelines surveillance contract awarded to him by President Jonathan's administration. "As a former commander of MEND, the man (Tompolo) knows all the creeks and waterways inside out. So, he can police oil theft in the area" (key informant). Besides, Tompolo's performance stood out in the contract awarded to him between 2014 and 2015, leading to a [tremendous increase](#) in NIMASA's revenues. However, those opposing Tompolo argue that a contract of [N4 billion a month](#) is too much for a company where the former freedom fighter has enormous shares. Other [dissenters argue](#) that the geographical coverage of the contract is too extensive, including parts of Rivers, Bayelsa, Delta, Imo, Edo and Ondo states. They said that under the Jonathan administration, a similar contract was awarded to different groups of persons, including Tompolo, Emami Ayiri (Delta State), Boyloaf, Macaiver (Bayelsa State), Farah, Dokubo Asari and Ateke Tom (Rivers State). Some of the critics of the award, such as the Amalgamated Arewa Youth Groups, Dokubo Asari and Rita-Lori Ogbemor, castigated the Buhari-led government for lack of fairness and sensitivity in awarding the pipeline contract. Others, such as the [Akwa Ibom youth group](#), have threatened that they would not allow the contract to be executed in their areas.

### Addressing the Discontents

From the preceding, several policy measures are needed to curb oil theft and the discontent generated by the pipeline contract award.

First, the Nigerian state should stop abdicating its responsibility: The incessant award of pipeline protection contracts to non-state actors is a clear case of abdication of state responsibility. The protection of Nigeria's territorial waters and surveillance of pipelines are vested in the Navy and the Nigeria Security and Civil Defence Corps, respectively. These security organisations should be better trained, equipped and held accountable to ensure that they live up to their mandates, including abhorrence of corruption and collusion with criminals such as oil thieves and pipeline vandals.

Second, there is a need for conflict sensitivity in public policy making: Considering the volatility of Nigeria's social milieu in general and that of the Niger Delta in particular, the government needs to ensure that its policies promote inclusion rather than segregation. One way of ensuring this is through applying [early warning](#).

[systems](#) and sensitivity to issues that could spark conflicts among diverse groups. For example, the government could have conducted a pilot study on the pipeline surveillance contract to gauge the perception of different interest groups before awarding it. An independent consulting firm can competently handle this study to ensure objectivity.

Third, more emphasis should be placed on communities rather than individuals in awarding contracts in the Niger Delta: Because pipelines criss-cross most Niger Delta communities, including those that are not directly oil-producing, the government would have involved the communities in the award of the pipeline protection contract rather than exclusively to individuals. This would have boosted their sense of collective ownership and generated employment for the locals. In addition, though many communities may not have the expertise required for pipeline protection contracts, community members can be trained on what is required of them. Besides, carrying the oil communities along is in tune with the recommendations of the Petroleum Industry Act. Fourth, the government should stop using pipeline contracts as petrol settlements: The federal government has used projects as political patronage to appease prominent individuals or conflict entrepreneurs over the years. Such politicisation has always produced winners and losers, leading to the use of violence as a bargaining strategy by losers.

Finally, the revocation will do more harm than good: Some critics of the recent award of the pipeline surveillance contract have called for the revocation of the contract in the interest of peace, fairness and justice. However, we believe revoking the contract is not conflict-sensitive as it will trigger more crises. Instead, a meeting of companies awarded the contract, and those that were left out should be convened with the idea of having them work together as partners, employing local people in the various communities and states where the contract will be executed. Apart from being a source of income for the employees, it will also assuage their ill feelings towards those who won the contract, thereby ensuring peace and development.

## Conclusion

The recent award of pipeline surveillance contracts to certain companies where Tompolo has shares has generated opposition from certain

interest groups in the Niger Delta and beyond. In a volatile setting like Nigeria, such antagonism could lead to violent conflicts if not addressed quickly. Moving forward, the government should stop outright abdicating its responsibility in specific sectors and be more conflict-sensitive in its decision-making. Also, the government should stop using pipeline contracts as petrol settlements or political patronage. Instead, more attention should be given to communities rather than individuals in awarding local contracts. Lastly, rather than revoking the current contract, the awardees should work with their counterparts who were not awarded the contracts and employ community people in executing the contract to secure their buy-in and social licence to operate.

## References

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**Nextier SPD Policy Weekly** provides an analysis of topical conflict, security, and development issues and proposes recommendations to address them. It is a publication of Nextier SPD.

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# Weekly Update



## WILL NIGERIA'S ELITE GAMBLE ON DEVELOPMENT?





Moderated by  
**Patrick Okigbo III**  
Founding Partner, Nextier

**Oct 20th 2022** | 2pm-4pm WAT





Zoom Registration Link:  
[https://bit.ly/Gamblingondevelopment\\_Nextier](https://bit.ly/Gamblingondevelopment_Nextier)

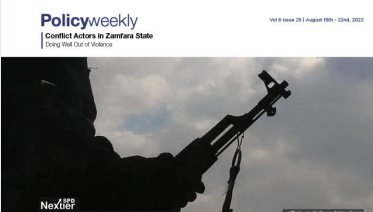
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