

Economic Effect of Expenditure Cost of Niger Delta in Nigeria

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Abstract

The study investigated the economic effect of expenditure cost of Niger-Delta militancy in Nigeria from 2017 to 2021. The specific objective was to determine the cost of Niger delta militancy amnesty program, the cost of pipeline vandalism and the cost of oil spillage and explosion on Nigeria's GDP from 2017-2021. This research adopted comparative study method which involved obtaining data from past and present studies. The data required was obtained from the following sources: CBN statistical bulletin for the various years, Federal office of statistical annual account (FOS) and Nigeria National Petroleum Corporation (NNPC). The data required was obtained from the following sources: CBN statistical bulletin for the various years, Federal office of statistical annual account (FOS) and Nigeria National Petroleum Corporation (NNPC). The secondary method of data collection was adopted in this study which involves a longitudinal survey method for a period of four (4) years i.e. 2017-2021. The data for the study were generated from the Central Bank of Nigeria's (CBN) Statistical Bulletin of various years. In analyzing the data generated for this study, the simple regression analysis was employed which was computed with the aid of the Statistical Package for Social Sciences (SPSS).

Keywords: *Economic Growth, Expenditure Cost of Niger-Delta Militancy, Cost of Niger Delta Militancy Amnesty Program, Cost of Pipeline Vandalism, Cost of Oil Spillage and Explosion*

1.1 Introduction

The exploitation and production of oil in the Niger-Delta has produced some of the largest fortunes for the multinational companies and has assisted in achieving impressive economic growth and development through high productivity of firms of the Nigerian state, but little or no attention has been directed by both the multinational companies and the Nigerian government to the effects of such oil activities on the welfare of oil producing communities (Ikein, 1990). Most countries in the world have economic development as their top priority. The most important social task we have at hand right now is improving people's socioeconomic conditions and general well-being. Each year, initiatives are taken to achieve this goal or at the very least move closer to it, including the distribution of aid, investments, policy formulation, and elaborate plans. This situation best exemplifies Nigeria's position as one of the world's developing nations, which is paying more attention to how to speed up development through various sectors of the economy. The government and people of Nigeria were hopeful that an oil-driven economy would lead to a better future for all citizens after the discovery of crude oil there in 1956 and in commercial quantities at Oloibiri in 1958.

Government spending is essential for the economy to function satisfactorily at almost all stages of development, whether in less developed or developed countries, regardless of the type of economy (Nwoye, Udunwoke & Nworie, 2023). The market failure of the 1920s, which was earlier supported by classical economists, has led to the current emphasis on using government spending as a means of accelerating economic growth and development especially in the Niger delta region. In contrast to the conventional wisdom, there were falling demands caused by overproduction, and as a result, unemployment was unavoidable and output and income declined. The phenomenon of less-than-full employment caused classical economics' laissez-faire approach to be called into question, and Keynesian economics later emerged as a theory that favored the use of government spending to boost the economy.

The new level of weaponry and criminality involvement of frustrated youth in the Niger Delta predicts new ambitions and capacities in the oil rich deposit region and this call for concern. The dreadful nature of activities of these frustrated youths is causing fear not only in investors, government representative, professionals but likewise the residents of the oil rich Niger Delta region, whose means of livelihood is being threatened and thrown into a state of wants; these wants are not restricted to protection of lives and property but also for education security, economic security, environmental security, health security and food security all which fractionally amount to the very foundation that human security sets out to ensure.

Be it as it may, there has been a general feeling of insecurity, which is exacerbated by the high level of poverty in the region. The region is the heartbeat of the Nigeria's economy; yet, its abundant natural wealth stands in stark contrast to its palpable underdevelopment. The high rate of unemployment among the youths has helped to drive and sustain high levels of violence and criminality throughout the delta region, (Ikechukwu and Sampson, 2016). Dissatisfied with the condition under which the people live, the youths in the Niger Delta have become more restive than ever, but youth restiveness has instead of redress, attracted state violence, repression, suppression and brutalization as exemplified by the killing of Ken Sarowiwo and 8 others Ogoni's.

However, a fight for their rights against the multinational companies and the federal government has resulted in large-scale violence, crises, social tension, hostage-taking, manslaughter, kidnapping and other social vices of the region and beyond. Like the activities of Boko-Haram of Northern part of Nigeria, the aftermath of these vices is the high degree of insecurity in the region which has led to the withdrawal of major oil-producing companies from the Nigerian state. “The low level of oil production as a result of insecurity of lives and properties in the region has a strong negative impact on the Nigerian economy” (Ikelegbe, 2008). In their effort to bring the situation under control, the multinational companies, government and other stakeholders have been clamoring for peace in the Niger-Delta region to boost economic development.

Various strategies are being devised by the multinational companies and the government for the enthrone of peace in the Niger-Delta region of Nigeria. Multinational companies are spending so much money to hire security agents to protect their facilities and personnel from militant attacks. The government on the other hand is spending huge amount of money to maintain peacekeeping forces in the region. In 2009, the federal government of Nigeria under the administration of President Umaru Musa Yar’Adua granted amnesty to militants and these former militants are currently on the payroll of the government thereby reducing government’s current revenue. Akeem and Erhun (2010) posited that “the recurrent expenditure of the federal government increases on a basis at an average of 12.69 due to security measures taken by government to ensure peace in the Niger-Delta region.” It is upon this premise that this paper tends to investigate Expenditure cost of Niger Delta Militancy and Economic effect in Nigeria from 2017-2021.

The reactionary measures taken so far by the federal government has not in any way been helpful, rather it has further deepened the crisis and projects a failed State. The outright militarization of the Niger Delta region has not provided the desired succor as desired by all and sundries. Felbab-Brown (2016) maintains that the state is hardly always just in suppressing militancy, even as suppressing militancy is its key imperative. Access to good governance; provision of employment for the idle youths, access to relevant education security, economic security, food security and environmental security amongst others are languages against militancy and not raw force or outright militarization. The incontrovertible fact is that both the federal government and the multinational oil companies were grossly negligent for too long about the welfare of the people and the communities of the oil-bearing areas of the region (Efeturi, 2016).

To the best of the researchers’ knowledge, there has not been a sufficient emphasis on the effectiveness of the components of Expenditure cost in Niger delta militancy, particularly empirical evidence. The researchers are of the opinion that the effectiveness of these components economically has not been studied considering the changes that advancement in Global oil market has brought to more exploitation of oil in the Niger delta are which has brought about the frequent attacks on oil and gas installations, killings of human potentials necessary for sustainable development, piracy activities on the high sea, and marine space, kidnappings of expatriates and high profile workers for ransom, destruction of private and public properties coupled with the incessant oil spillage from multinational corporation activities, have all retarded the economic development of the region, therefore justifying the need for the study.

1.2 Objective of the Study

The main objective of this study is to investigate Expenditure cost of Niger Delta Militancy and Economic effect in Nigeria from 2017 to 2021; The specific objectives are to:

- i. To determine the cost of Niger delta militancy amnesty program on Nigeria's GDP from 2017-2021.
- ii. To ascertain the cost of pipeline vandalism on Nigeria's GDP from 2017-2021.
- iii. To establish the cost of oil spillage and explosion on Nigeria's GDP from 2017-2021.

1.3 Hypothesis of the study

Ho1: Niger delta militancy amnesty program has no significant cost on Nigeria's GDP from 2017-2021.

Ho2: Pipeline Vandalism has no significant cost on Nigeria's GDP from 2017-2021.

Ho3: Oil spillage and explosion has no significant cost on Nigeria's GDP from 2017-2021.

2.0 Literature Review

2.1 Theoretical Framework

This study is underpinned by frustration-aggression theory which is associated with works of John Dollard et al., (1939), the core assumption of which is that "aggression is always a consequence of frustration" (Amaraegebu, 2011). The authors argued that individuals are motivated to achieve life ambitions and fulfill destiny, but when these expectations are thwarted, frustration sets in. According to Afiotan and Agagu (2008), when there is a gap between the level of value expectation and the level of value attainment, due to lack of capability to establish a congruence between both levels, tension builds up to the pressure of an unfulfilled aspiration or an unsatisfied urge or need. This when not arrested on time leads to frustration. Frustration when it builds up, leads to the rising up of suppressed emotion of anger which is often directed against the party considered to be the source of deprivation of satisfaction. This strong emotion finally finds an outlet through aggression and violent disposition towards the environment. The armed insurrection against military and civilian targets in the Niger Delta by militant youths, directed against government and foreign oil companies could be viewed from this perspective. Be it as it may, it is important to note that the existence of frustration does not always lead to aggression, given that frustration may have other consequences other than aggression. However, the argument may have failed to differentiate between instigation to aggression and the real incidence of aggression, but this paper acknowledges that frustration generates inquiries to various types of consequences, which may include instigation to certain kind of aggression. Aggression may develop as a consequence of having been exposed to an extremely frustrating condition sufficient to provoke the experience of hopelessness. It is true that schism exists among the regions' various ethnic groups, but frustration occasioned as a result of a sense of despair and deprivation, environmental and developmental issues, transnational oil companies that neglect the ethos of corporate social responsibility are among the likes. The response of Niger Delta youths to the Nigerian state's neglect and apathy of oil multinationals in the region radicalized them into violent militancy (Amaraegebu, 2011). Thus, militants activities in Nigeria's Niger Delta region is mostly motivated

by frustration created by deprivation and threat to life, property and peace coexistence of the indigenes by Nigeria government and multinational oil companies operating within the region.

2.2 Conceptual Issues

2.2.1 Militancy

Militancy can be understood as the acts of individuals, groups or parties displaying or engaging in violence, usually for a cause, whether religious, political, ideological, economic, or social. Nowadays, the term militant is synonymously used with the term ‘terrorist’ (Quamruzzaman, 2010). Militancy is a state or condition of being combative or disposed to fight for a cause or belief (Chindah & Braide, 2000). Militancy has also been defined as a violent response by an individual, group or sect in a region, community, state or nation due to claims of underdevelopment, political oppression, religious beliefs and segregation. The motive is that people want their rights and if they are not going to get it by negotiation, they simply will then have it by violence against the “powers that be.” A militant person or group expresses a physically aggressive posture while in support of an ideology or a cause. A militant person is confrontational regardless of physical violence or pacifistic methods. These forms of militancy are unique to the quest for resource control in the dealt oil rich region of Nigeria (Ashimolowo & Odiachi, 2012).

In modern times, various movements seek to apply militancy as a solution, or use militancy to rationalize their solutions for issues. But these movements do not share common tactics. Usually, a militant uses violence as part of a claimed struggle against oppression. Quamruzzaman (2010) stated that a militia movement has five dimensions ideology, motivation, mobilization, organization and ritual. This word is sometimes used to describe anyone with strongly held views (e.g., militant Christian, militant atheist). A militant person or group expresses a physically aggressive posture while in support of an ideology or a cause. A militant person is confrontational regardless of physical violence or pacifistic methods. These forms of militancy are unique to the quest for resource control in the dealt oil rich region of Nigeria.

2.2.2 Impact of Militancy on the Nigerian Economy

The lingering Niger-Delta crisis is making Nigeria lose money. The chairman, Senate Committee on the Niger-Delta and Conflict Resolution claims that Nigeria lost an estimated \$58.3 billion between 1998 and 2007. The country is still losing more daily. Conflicts consume a large portion of national resources. The government is spending a large amount of money maintaining the peace-keeping forces. The oil companies are spending money to hire security agents. The vigilante groups are spending a lot to buy arms. These are resources that can be used to improve Nigeria but are now diverted into servicing violence. Nzelu (2002) remarks that “the Nigerian National Petroleum Corporation (NNPC) lost products worth N10.2 billion in 2001 as a result of pipelines vandalism.” The operations of militants in the Niger-Delta and the insecurity have made it impossible for security agencies to adequately cover locations of various oil facilities. This has created a veritable ground for illegal oil-bunkering to thrive in the region. “Illegal oil bunkering (an euphemism for oil-theft), has assumed considerable dimensions in the Niger-Delta. Estimates range from 30,000 to 200,000 bbl/day” (Oudemans, 2006).

Kidnapping, hostage-taking and death has been a major tactic of the militant groups with foreign nationals working with oil companies as primary targets. In January 2006, Hostage-taking of oil-workers started in Bayelsa after the declaration of “Operation Orida Danger” by the Movement

for the Emancipation of the Niger Delta (MEND) with the kidnapping of four set of hostages. “Over two hundred (200) expatriates had been kidnapped; although, most have been released within weeks in exchange for ransoms, typically hundreds of thousands of dollars” (Amaize, 2006). Thousands have been killed, have their home destroyed and suffered different types of violence.

Conflicts can and do destroy the foundations of national unity and nation-building. The Niger-Delta conflict is destroying Nigeria’s unity as the communities in the Niger-Delta think that they are being destroyed to build up the other parts of Nigeria. Their assumptions challenge the building of the nation. It is necessary to point out that oil is necessary for the survival of the nation. Since this oil is produced from the Niger-Delta, it is most important that agitations in the Niger-Delta be quickly resolved so that the country is not destroyed.

As a result of the activities of militants in the Niger-Delta region, “Shell Petroleum Development Company of Nigeria (SPDC) retrenched 3,500 workers in September 2007” (Punch Newspapers, 2007a:14). “Indorama Petrochemical Company shut down its operations, thereby rendering over 3,000 youths jobless and aggravating the unemployment situation” (Sunday Trust Newspaper, 2007). Restiveness has reduced growth in the business sector. As a consequence of militant activities, Royal Dutch Shell has seen its production dropping from one million bpd to about 380,000 bpd at its Bonny terminal in the south of the Delta. Exxon has also experienced increased insurgent activities in its Nigerian operations. “Nigeria is already suffering from production slowdown due to militancy; currently, the Niger-Delta is only exporting 1.8 million bpd compared with a targeted 2.2 million bpd” (Harper, 2009). “In Rivers State, over 80% of the companies have stopped operations as expatriates have either gone to their home-countries or relocated to safer environments” (Ejibunu, 2007). “MTN had 43 base-stations shutdown as militant activities made them inaccessible” (Punch Newspapers, 2007b).

The total peace of the individuals making up the society is the peace of that society. If the peace of the individuals is disturbed, then, the peace of the society is disturbed. Olagunju (2002) aptly puts it this way: “the peace of the individual in the society is the foundation for social harmony. It is therefore in the society’s interest that disputes be successfully resolved.” Human suffering, destruction of livelihood, constant displacement, fear and acute insecurity disturbs the individual’s peace. The present situation is disrupting their economies and multiplying their woes. In order to estimate the cost of peace enthronement, the need for peace accounting becomes a sine qua non. Peace accounting is the systematic recording and ascertainment of the cost of peacekeeping. This becomes necessary in order to measure the impact of such cost on the economic development of Nigeria. According to Ikelegbe (2008), the low level of oil-production resulting from militancy in the Niger-Delta region of Nigeria has a strong negative impact on the country’s Gross Domestic Product (GDP).

2.2.3 Oil Pipeline Vandalism

We have earlier stated that the history of vandalization is traced to the general perception of being frustrated as the people are deprived from benefiting the huge revenue sourced from the region since 1956. Nigeria is, for example, the world’s seventh largest exporter of petroleum and fifth

largest supplier of crude oil to the United States because of the Niger Delta, and yet does not benefit from it. Thus, the people of the region, looks at oil as more of a curse than blessing, considering the level of underdevelopment, poverty, environmental degradation, and poor infrastructure in the region. It is for this reason Onuoha (2016) observes that, “it is 50 years, but, in the last decade alone, it has claimed no fewer than 10,000 lives through conflicts generated by struggles to control the resource, as well as thousands of lives through fire disasters associated with oil pipeline vandalization.” He went further to explain how incidences of pipeline vandalization with concomitant cascading explosions have posed threats to life and property in the region and the country.

In commenting on the “dangers of oil and gas pipelines in the Niger Delta”, the Coalition of Niger Delta Organizations in Diaspora (CNDOD)” wrote, “beginning from 1976, under the government of General Olusegun Obasanjo, pipelines were laid in the Niger Delta to take oil to Kaduna in extreme Northern Nigeria. Since then, the Niger Delta is trapped into pipelines which criss-cross the entire region. Many of the pipes have aged and are without proper maintenance.

Aroh et al (2007) addressed the manifestation from the perspective of its “impact on public health and negation to the attainment of the millennium development goal” by studying Ishiagu community in Anambra State. They argue that oil spill can occur through mechanical failure, operational error, as well as, third party activity and sabotage. They observed that “oil pollution is one problem for which no effective and final solution has been found anywhere, not only in Nigeria, but in the world inspite of efforts to control it. Ogoigbe (2008) thinks that there are solutions, and measures to control pipeline vandalization in the country. As he puts it, “we’ll stop bunkering, vandalism in Niger Delta Creek because the “scourge has eaten deep into the fabric of the society.” The group plan to mobilize local communities along the coastal zone and security outfits to fight the problem, insisting that the “nation’s battered economy must be redeemed.” While “stopping pipeline vandalization” is highly desirable, to what extent Ogoigbe and his group would succeed is difficult to say. This is because the actors (perpetrators) do not know that their action affects the entire livelihood of oil producing communities. It is important that the actors (perpetrators) be properly re-orientated because “Nigeria loses N174 billion to pipeline vandals in the past ten years in over 16,083 pipeline breaks. Barkindo, Sanusi, Group Managing Director of Nigeria’s NNPC made the assertion, and supported it with graphic details. The amount is much more than what the federal government has so far spent on the Niger Delta since 1956 when oil was discovered in the region.

The consequences or effects of oil pipelines vandalization cannot be exhausted, but we have discussed few of them in this section. Oil pipeline vandalism has, indeed fueled criminal interests and conflict. The economic interest now overrides that of social which used to be an opposition against the oppressive actors of the multinational oil companies (MNOCs) and federal government. The interplay of economic and social forces has resulted in displacement of a large population after the disaster that accompanies the vandalization. It has also caused social disintegration in a proportion not witnessed in the other deltas of the world namely, Mississippi, Mekong, Nile, Yangtze, Pearl, Okavango, Orinoco, Mahakam, and Mackenzie deltas. All these are translated into

scarcity of energy at both local and global levels with its threat on national security. We shall now consider the consequences.

a) In our recent study on oil spills, we stated that it occurs in the Niger Delta with such a frequency that between 1976 and 1990, the industry had 2,676 cases. This rose to 7,253 cases in 2003; and 9,640 cases in 2008. The loss from spills in 2006, alone was 4,892,644 barrels. The said study further revealed that multinational oil companies (MNOCs), especially Shell Petroleum Development Company of Nigeria (SPDC) have not demonstrated significant commitment to mitigate the effects of oil spills. One of the critics of Shell Petroleum Development Company of Nigeria (SPDC) on this matter was Bopp Van Dessel, a Dutch. Van Dessel resigned in protest as the Head of the Environment Study Unit in Shell Petroleum Development Company of Nigeria (SPDC) in 1998. Prior to the resignation, he accused Shell Petroleum Development Company of Nigeria (SPDC) of using different standards of operations in Nigeria as compared to the practice in other parts of the world. Where, the waste is burnt, but in Nigeria, the cleaning of crude oil spills is done by bucket and spade. In this process, the waste is deposited in large trench, and the sketch of land is lost forever, Human Right Watch, 1999. In consequence, whenever it rains, the underground water sluices force the crude oil to the surface and poisons the earth, flora and fauna, and rivers in the region.

The former Chief Executive of Shell Petroleum Development Company of Nigeria (SPDC) in Nigeria, Mr. Brain Anderson who succeeded BOPP Van Dessel, admitted the problem with waste burial in 1995, but did not adopt the more effective practice of burning waste in incinerator. And as the people drink the polluted water out of necessity since there is no alternative, and eat the poisoned fishes from creeks and/or rivers, they are being poisoned to a slow, but sure death. In this way, the multinational oil companies (MNOCs) have rendered both the people and the environment unhealthy for living.

b) The Nigerian National Petroleum Corporation (NNPC), a Federal Government owned oil empire, reported in 2005 that the 20 multinational oil companies (MNOCs) operating in the country spilled 2,300 cubic meters of oil in 300 separate incidences annually. It is, however, safe to argue that due to under reporting, the actual figure would be much higher than this conservative estimate they presented. As it we knew, after five years (i.e., 2010), the same NNPC provided graphic details of the activities of pipeline vandalization and contends that 97.5 percent of the ugly incidences are due to sabotage by Niger Delta militants. This shows the dearth of record keeping in this country.

c) The Department of Petroleum Resources (DPR) reported a different type of consequences in 2004. It stated that multinational oil companies (MNOCs) operating in Niger Delta generated 80,000 tons of hazardous waste, an increase of 6.7 percent, from that of 2003. In spite of this size, the SPDC's "People and Environment Annual Report" of 2004, went further to state that the increase does not still include the sewage at "Edigba Sewage Treatment Plant". Shell Petroleum Development Company of Nigeria (SPDC) also admitted that it is not complying fully in some areas of the Department of Petroleum Resources (DPR's) regulations. Already, the issue of compliance with environmental standard is now a thorny matter between Department of Petroleum

Resources (DPR), the Oil Producers Trade Section of Manufacturers Association of Nigeria (MAN) and the Federal Ministry of Petroleum.

2.2.4 Oil Spillage and Explosion

An estimated 9 million- 13 million (1.5 million tons) of oil has been spilled in to the Niger Delta ecosystem over the past 50 years; 50 times the estimated volume spilled in Exxon Valdez oil spill in Alaska 1989 (FME, NCF, WWF UK, CEESP-IUCN 2006). The first oil spill in Nigeria was at Araromi in the present Ondo state in 1908 (Tolulope, 2004). In July 1979 the Forcados tank 6 Terminal in Delta state incidence spilled 570,000 barrels of oil into the Forcados estuary polluting the aquatic environment and surrounding swamp forest (Ukoli, 2005; Tolulope, 2004). The Funiwa No.5 Well in Funiwa Field blew out an estimate 421,000 barrels of oil into the ocean from January 17th to January 30th 1980 when the oil flow ceased (Ukoli, 2005; Gabriel, 2004; Tolulope, 2004), 836 acres of mangrove forest within six miles off the shore was destroyed. The Oyakama spillage of 10th may 1980 with a spill of approximately 30,000bbl (Ukoli, 2005). In August 1983 Oshika village in River state witnessed a spill of 5,000 barrels of oil from Ebocha-Brass (Ogada-Brass 24) pipeline which flooded the lake and swamp forest, the area had previously experienced an oil spill of smaller quantity; 500 barrels in September 1979 with mortality in crabs, fish and shrimp. Eight months after the occurrence of the spill there was high mortality in embryonic shrimp and reduced reproduction due to oil in the lake sediments (Gabriel, 2004). The Ogada-Brass pipeline oil spillage near Etiama Nembe in February 1995 spilled approximately 24,000 barrels of oil which spread over freshwater swamp forest and into the brackish water mangrove swamp.

The Shell Petroleum Development Company (SPDC) since 1989 recorded an average of 221 spills per year in its operational area involving 7,350 barrels annually (SPDC Nigeria Brief, May 1995:3). From 1976-1996 a total of 4647 oil spill incidences spilling approximately 2,369,470 barrels of oil into the environment of which 1,820,410.5 (77%) were not recovered. Most of these oil spill incidences in the Niger Delta occur on land, swamp and the offshore environment (Nwilo and Badejo 2005a, 2005b, 2004; Twumasi and Merem, 2006; Uyigue and Agho 2007). Nigerian National Petroleum Commission (NNPC) estimates 2,300 cubic meters of oil has spilled in 300 separate incidences annually between 1976-1996 (Twumasi and Merem, 2006). The Punch Newspaper on February 20, 1991:2 reported a total of 2,796 oil spill incidences recorded between the periods of 1976-1990 leading to 2,105,393 barrels of oil spilled. The UNDP 2006:181 also reported that between the period of 1976-2001, 3 million barrels of oil were lost in 6,817 oil spill incidences of which over 70% of the spilt oil was not recovered. In 2001 the western operations of the Shell Petroleum Development Company (SPDC) recorded a total of 115 incidences of oil spills in which 5,187.14 barrels of oil were spilled and 734,053 barrels of the spilt oil representing 14.2% were recovered (SPDC Nigeria Brief, May 1995). In January 1998, 40,000 barrels of crude oil was spilled by Mobil in Eket but the largest spill in Nigeria was the offshore well blowout in January 1980 with a spill of approximately 200,000 barrels of oil into the Atlantic Ocean from an oil facility which damaged 340 hectares of mangrove forest (Nwilo and Badejo 2005b) The Niger Delta has a complex and extensive system of pipelines running across the region and large amounts of oil spill incidences have occurred through the pipelines and storage facility failures, these failures could be caused by material defect, pipeline corrosion, ground erosion but the oil

companies blame most of the spills on sabotage. The Department of Petroleum Resources contends that 88% of the oil spill incidences are traceable to equipment failure, main causes of oil spills in the Niger Delta are vandalism, oil blowouts from the flow stations, accidental and deliberate releases and oil tankers at sea (Nwilo and Badejo 2004, 2005a).

3.0 Methodology

3.1 Research Design

This research adopted comparative study method which involved obtaining data from past and present studies, government and non-government bodies and existing literature (Twumasi and Merem, 2006; Uyigue and Agho, 2007; Uyigue and Ogbeibu, 2007). This research is designed specifically to measure the Expenditure cost of Niger delta militancy and economic effect in Nigeria from 2017-2021. It focuses on the model adopted in the estimation and description of the instrument used for the presentation and analysis of the data. The data required was obtained from the following sources: CBN statistical bulletin for the various years, Federal office of statistical annual account (FOS) and Nigeria National Petroleum Corporation (NNPC).

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The following simple model in log form is designed for this study:

$$GDP = f(a_0 \log + b_1 \log COPEAK + \dots + \epsilon_i)$$

Where GDP = Gross Domestic Product (At Current Prices)

a_0 = Regression Constant b_1 = Regression Co-efficient

COEXP = Cost of Expenditure.

In analyzing the data generated for this study, the simple regression analysis was employed as shown in the model above which was computed with the aid of the Statistical Package for Social Sciences (SPSS). The t-statistic was used to test the research hypothesis that were formulated earlier in chapter one. The level of significance chosen for this research is 5% for a two tailed test and at a critical value of $t + 1.96$ and a region of non-rejection as -1.96 and $+1.96$ was used. The decision rule is to accept the null hypothesis if the calculated value of the statistic falls in the region of non-rejection.

The hypothesis was tested at 5% level of significance for a two tailed test and at a critical value of $t + 1.96$ and a region of non-rejection as -1.96 and $+1.96$ was used. The decision rule is to accept the null hypothesis if the calculated value of the falls in the region of non-rejection or the calculated probability value is above the significant value of 5%. A significance level lower than or equal to 0.05 shows that the model used for the study is fit and can lead to the generalization of better result. However, if the value is more than 0.05, it shows that the model is not fit to generate a good and convincing result and should be notified or discarded.

4.0 Data Analyses

This chapter tested and analyzed the data generated for this work, which comprised the independent variable, dependent variables as well as the control variable. The results for different measures of different Expenditure cost of Niger delta Militancy and Economic effect in Nigeria including Amnesty program are presented in the following section. First, the data obtained from the various financial statements are presented in a tabular form. The study conducted some preliminary analysis such as descriptive statistics and correlation matrix. The data generated for this study were analyzed in this section and the result obtained is presented in the table below.

Table 4.1: **Impact of Cost of Expenditure on Gross Domestic Product**

Statistical Variables	Value
Co-efficient of correlation (R)	0.8392
Co-efficient of determination (R ²)	0.7043
T-statistics	-2.318
P-value	0.0214
Regression constant	-3.246
Regression co-efficient	-.5671

Source: SPSS Version 16 Window Output

The table above shows that a conciliation co-efficient in the Niger-Delta region has a strong impact on gross domestic product. However, the regression constant of the model indicates a negative value which implies a negative relationship between cost of Expenditure and gross domestic product. More so, the analysis shows that one percent increase in COPEAK brings about 56.71% decrease in GDP. Again, the p-value (0.021)

4.1 Data Analysis

Table 4.2. **Showing Pearson Product Moment Correlation analysis result on the Expenditure cost of Niger Delta militancy on the economic effect in Nigeria.**

Variable	Correlation Coefficient	t-value
Economic effect	-0.971	-0.974**
N	10	
P - Value	0.000	

Source: CBN Statistical Bulletin for the various years, Federal Office of Statistical Annual Account
 ** Significant at the 0.01 level (2-tailed)

The correlation analysis result in Table 4.2, indicated that at $P > 0.01$ level of significance, Niger Delta militancy have a strong negative effect on the economic development of Nigeria with correlation coefficient of ($r = -0.971$). Signifying that there is a negative and significant correlation between Niger Delta militancy activities and the economic development of Nigeria for the period of years under review. Thus, the results revealed that as the militancy activities continue unabated in the oil rich region, Nigeria economy continue to experience trauma and decrepitude. Little

wonder Nigeria was declaring a recess economy in the last quarter of 2016. The findings correlate with the findings of Eke, (2006) who posited that militants' activities have caused political instability and are injurious to the economy, as it induces capital flight or slows foreign direct investment. Capital flight has multiplier effect on an economy. Since the emergence of this dread group the socio-economic activities of the region has greatly been destroyed and the Nigeria economy is in distress due to oil pipeline and installation vandalization which has resulted in decreased oil output even when the country's revenue has seriously dwindled due to decline in international market oil prices, increased rate of unemployment and inflation. In like manner Tamuno, (2011) and Njoku, (2015) opined that the militants nearly destroyed the oil industry and, by extension, the national economy which depends heavily on oil revenue.

4.1.1 Test of Hypothesis

In addition to the above the specific findings from each explanatory variable are provided as follows:

Hypotheses 1: Niger delta militancy amnesty program has no significant cost on Nigeria's GDP from 2017-2021.

The result of the analysis showed a coefficient value of 0.219, t-value of 3.884 and a P-value of 0.003. The coefficient value of 0.219 showed that Amnesty program has an inverse influence on Nigeria's GDP, such that reduction in Amnesty program will lead to an increase in Niger delta militancy in Nigeria. By implication, this means that one percent (1%) decrease in Amnesty program will lead to an increase in the level of GDP by 21.9%. The t-value of 3.884 reveals that Amnesty program is statistically significant while the probability value of 0.002 indicates that the effect is statistically significant at 1% level. Based on the analysis result, the study rejects the null hypothesis and accepts the alternate hypothesis and therefore concludes that, Niger Delta Militancy Amnesty program cost has a positive and statistical significant effect on Nigeria's GDP from 2017-2021.

Hypothesis 2: Pipeline Vandalism has no significant cost on Nigeria's GDP from 2017-2021.

The result of the analysis revealed that Pipeline Vandalism has a negative influence on Nigeria's GDP from 2017-2021 having showed a coefficient value of -0.025 shows that Pipeline vandalism has negative influence on Nigeria's GDP from 2017-2021. This indicates that a decrease in the Pipeline vandalism leads to an increase in Nigeria's GDP to the tune of 2.5%. By implication, this means that an increase in the Pipeline vandalism will result to about 0.025% decrease in the pipeline vandalism cost has a weak effect on Nigeria's GDP. The probability value of 0.020 reveals that the effect of Pipeline vandalism cost on Nigeria's GDP from 2017-2021 is statistically significant at 5% level. The p-value result re-affirms the t-test statistics result. Based on the result of the analysis, the study accepted the alternate hypothesis and rejects the null hypothesis and therefore concludes that, Pipeline vandalism has statistical significant cost on Nigeria's GDP from 2017-2021.

Hypothesis 3: Oil spillage and explosion has no significant cost on Nigeria's GDP from 2017-2021.

The results of the analysis on the effect of Oil spillage and explosion on Nigeria's GDP from 2017-2021 showed a coefficient value of -0.573, t-value of 2.035 and a P-value of 0.048. The coefficient value of -0.573 reveals that an increase in Oil spillage and explosion head to about 0.57% negative decrease in Nigeria's GDP from 2017-2021. The t-value of 2.035 reveals that Oil spillage and explosion has a negative statistical significant effect on Nigeria's GDP. The probability value of 0.048 indicates that the effect of Oil spillage and explosion on Nigeria's GDP is statistically significant at 5% level. Based on the analysis result, the study accepts the alternate hypothesis and reject the null hypotheses, it therefore concludes that, Oil spillage and explosion has a negative statistical significant effect on Nigeria's GDP from 2017-2021.

4.2 Discussion of findings

The review of literature shows that militancy has a negative impact on economic security. The rational for this finding could be tension it generates thus chasing investors and allied companies out of the region there throwing workers back into the labour market, as unemployment, dwindling incomes and slow economic activities are signals of economic insecurity. The position aligns with the submission in the previous works of Evans and Kelikume (2019); Osuagwu and Olaifa (2018); Ebiede (2017) who found that militancy constricts economic activities. The result gotten from empirical literature is that militancy has a negative effect on literacy (education) security. This is because militancy apart from disrupting school calendars, closure of school, scared away needed human capital as teachers and lecturers, it also takes the shine off education and attracts would be students into militancy. Many would be students have taken unto militancy and clannish cultism due to incessant disruption on their education. This finding is consistent with the findings in the previous work of Pepple and Ogologo (2017) Gabriel (2015) Akpan (2015).

5.0 Conclusion and Recommendations

It is undisputable that Nigerian economy is oil driven and a blow on the oil installations will be a blow on the economy. Thus, the need to arrest youth restiveness in the oil rich Niger Delta region cannot be succinctly stated to ensure that there will be a regrowth of the economy. Therefore Federal government should facilitate the proposed dialoged with the region environmental activists, and other stakeholders in the region should come together to chat a new road map to sustainable development of the region through dialogue, equitable oil revenue sharing formular, increase employment quota to the indigenes, sustenance of the amnesty and youth skill acquisition programmes, good governance by the various levels of government, provision of essential social infrastructure, as well as strict adherence to international environmental standards by the oil companies. This becomes imperative because unless the discontent that leads to the crises or agitation are resolved, and on time, the militancy could worsen and trigger off terror and insecurity in the region, which will further reduces the foreign direct investment and spur capital flight that

will drastically cripple the economy. Hence, when the recommendation is implemented, this will reduce insecurity in the region and create the enabling environment that will attract foreign direct investments, and increase the daily production of crude oil, which will increase Nigeria position in the international market and restore the recessed economy.

From the conclusion above, we hereby make the following recommendations:

1. The study recommends that Federal and State Government in the Niger Delta should concentrate more on securing economic activities of the Niger Delta region as against the militarization of the region. It is by provision of jobs and engagement that the government can counter the narratives of militancy and take off shines off it.
2. The study recommends that government at all tiers alongside Civil Society organisation should concentrate more on the education security of the region so as to stem the tide of youths who takes more to violence, militancy as against youth who will engage in civil approach, tolerance and conflict resolution. Governments at all tiers should be mindful that relative deprivation is a very strong narrative in the Niger Delta region and their public lifestyles triggers militancy in the region.

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