

# The Niger Delta Fund Initiative

by Gordon Abiama

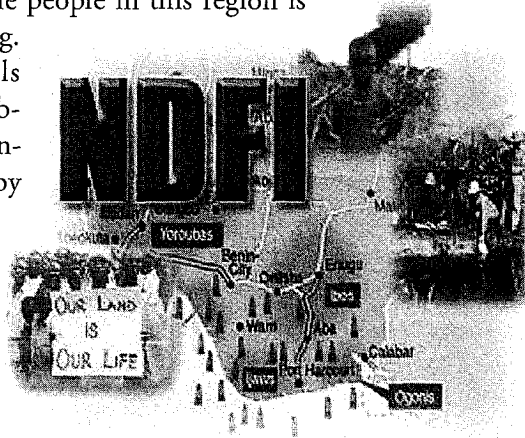
The Niger Delta region of Nigeria is characterized by deep poverty. This is in spite of the fact that its abundant natural resources, particularly oil, account for over 80 per cent of the country's total annual earnings. In the last forty years of oil extraction, oil revenues have been used to develop other parts of the country, including the capital city of Abuja. A substantial portion of these funds have either found their way into private bank accounts in western countries or paid for paramilitary operations to deal with the unrest in the region. The gross underdevelopment and environmental devastation prevalent in the Niger Delta oil bearing communities is the direct result of decades of neglect by successive governments.

The major occupation of the people in this region is subsistence farming and fishing. Decades of incessant oil spills have damaged their means of subsistence. The people are also contending with acid rain caused by gross gas flaring. Much of this is due to many years of slack adherence to international environmental standards.

Angered by the destruction and neglect of their homelands, some of the people have acted out of desperation and disrupted oil production by vandalizing pipelines and taking oil workers hostage. There have been many bloody clashes between youths and security and paramilitary operatives. There have even been violent clashes between communities over meager oil spill compensations.

Now the people of the region are seeking a fair stake in oil extraction for development purposes. This has manifested in the agitation for 100 percent resource control of the oil resources by the Niger Delta State governments, a dream that was recently dashed by the country's Supreme Court ruling. The recent Supreme Court ruling which led to the temporary suspension of the payment of the 13% derivation allocation has caused strained relations between the Federal Government and the southern states particularly the oil producing states.

There are, however, moves to find a political solution to the present stalemate. The cheering news is that the derivation percentage is likely to



be reviewed upward — and, it will now include gas production, revenue from which will equal that of oil in the next few years. Nigeria currently flares 1,308 billion standard cubic feet of natural gas daily. This is equivalent to 37 billion liters of gasoline.

The dividend payments would not be large, especially at first. Current calculations for dividend payments per citizen for a state like Bayelsa State, which has a population of three million, may appear small to many. Nevertheless, the figure of a thousand Naira will mean a great deal to millions of poor village farmers who may not be able to boast of an annual savings of N1000 (\$8.30). Dividend payments will likely create a sense of unity and gratification as well. The cash dividend will be more substantial once the derivation fund allocation is increased to about 50% and the gas revenues are included.

The capital gap among the communities in the Niger Delta region is indeed a wide one. In a clear attempt to address the gross underdevelopment of the region, the Federal Government set up the Niger Delta Development Commission (NDDC) to embark on projects that will facilitate a transformation of the area. This body replaces several other such bodies that have been characterized by gross inefficiency and corruption. The NDDC is said to have awarded projects worth over N11 billion in different areas of the region — yet no positive impact has yet been felt by the people, and there are now calls for its dissolution.

The gross mismanagement of resources by the state governments has left the people disillusioned about the actual dividends of democracy. In the year 2000, the 13 percent derivation revenue allocated by the Federal Government to these states amounted to N66.719 billion. In the year 2001, the total figure increased to N99.332 billion (about \$825 million). These funds have been largely squandered.

It is therefore imperative that the oil royalties paid by oil companies who monopolize the fruits of nature be put into a common fund to reimburse those who are denied access by the monopolist holdings. The Federal government has allocated these royalties as derivation funds to oil bearing states. Now it is time for these funds to benefit the people as a whole. It is for this purpose that we are launching the Niger Delta Fund Initiative (NDFI).

The Initiative will work with NGOs, community based organizations and government officials to form and implement (continued on page 38)

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(continued from page 13) the Niger Delta Fund (NDF). Similar to the Alaska Permanent Fund, the NDF will be a legal mechanism whereby a major portion of the oil royalties will be distributed directly to the people as cash dividends. Another portion of the royalties will be accessible to the people as low interest revolving loans administered by the Niger Delta Development Bank to individuals, families and cooperatives meeting criteria for sustainable development. A smaller percentage will be available to fund conflict resolution and conservation programmes.

Fair and prosperous economies grow upwards from the earth. They are rooted in the rural areas where the greatest numbers of Nigerian people live and labor. These are “the peasants, peddlers, unregistered craftspeople and service providers and the masses of people scraping together a living any way they can,” writes Lindy Davies, Director of the Henry George Institute. These so-called “informal sector” workers are the people who will be best served by the Niger Delta Fund.

The Fund will distribute oil royalties to the people in an equitable manner. Conflicts will decrease, oil production will continue unhindered, and the resources now expended on security services and paramilitary forces will be channeled into productive use.

With the Fund in operation, millions of people will be elevated from the cycle of poverty and despair to one of hope and prosperity. With the people’s creative energies freed from resource wars and violence, the region will be on the positive path of progress. GJ

*Editor’s note: Next July, after Nigeria’s impending Presidential elections, the plan for the Niger Delta Fund will be laid out at a conference that is being planned for Port Harcourt in Rivers State, Nigeria. The conference is being organized by the Africa Center for Geoclassical Economics, the Earth Rights Institute and the Henry George Institute. Contributions for this vital initiative can be sent to Earth Rights Institute, P.O. Box 328, Scotland, PA 17254, USA.*

*For more information: [www.earthrights.net/nigeria](http://www.earthrights.net/nigeria)*

**A** similar pattern exists for conflicts around the planet: the economic prize of land, and power-seeking to get that prize. There is a common antidote: a decentralization of power within a confederal structure that provides both self-determination and unity, and a sharing of the benefits of the natural resources by having the confederation collect the rent and distribute it to the federal constituents and the people as the main source of public revenue. — Fred Foldvary