

Illegal Artisanal Oil Refining in the Niger Delta: Responding to Environmental Crime and Insecurity

Conflict Briefing: May 2022



Figure 1: An abandoned illegal artisanal oil refinery in Ogame community near Eleme, Rivers State.

burning of artisanal refining facilities and illegally refined petroleum products. This often causes collateral damage including destruction of the surrounding vegetation and natural habitats, thereby intensifying environmental pollution and the disruption of local livelihoods.

Recently, following public outcry over the environmental and health impacts of artisanal oil refining, the government intensified the use of security forces to crackdown on illegal artisanal refineries and destruction of illegally refined petroleum products. This approach could be counter-productive as it could intensify environmental degradation and air pollution, and disruption of livelihoods. Moreover, since artisanal oil refining and the associated value chains are seemingly embedded in the local economy,⁴ any strategy that excludes the provision of alternative livelihoods could cause economic disruptions and occupational displacement which could intensify communal tensions and insecurity in the region.

Introduction

Illegal oil bunkering and artisanal crude oil refining are organized environmental crimes that are driving conflict and insecurity in the Niger Delta. According to the report¹ of an environmental impact assessment of oil exploration in Ogoniland, Rivers State, conducted by the United Nations Environmental Programme (UNEP) in 2011, illegal oil bunkering and artisanal refining are major causes of water and air pollution and soil contamination in the area, with harmful impacts on human health, aquatic life, and the entire ecological system.

Apart from the environmental and health impacts, illegal artisanal oil refining has also intensified organized crime and the deployment of repressive security measures in the region.² Piracy, drug trafficking and arms proliferation have been reinforced by oil bunkering and artisanal refining. According to data (see Figure 2 and 3), illegal bunkering and artisanal refining related violence caused over 500 fatalities in the region between January 2014 and April 2022.

The environmental and security impacts of illegal artisanal oil refining activities have also been exacerbated by government's response to the situation.³ Government response mostly involve the destruction of bunkering sites and

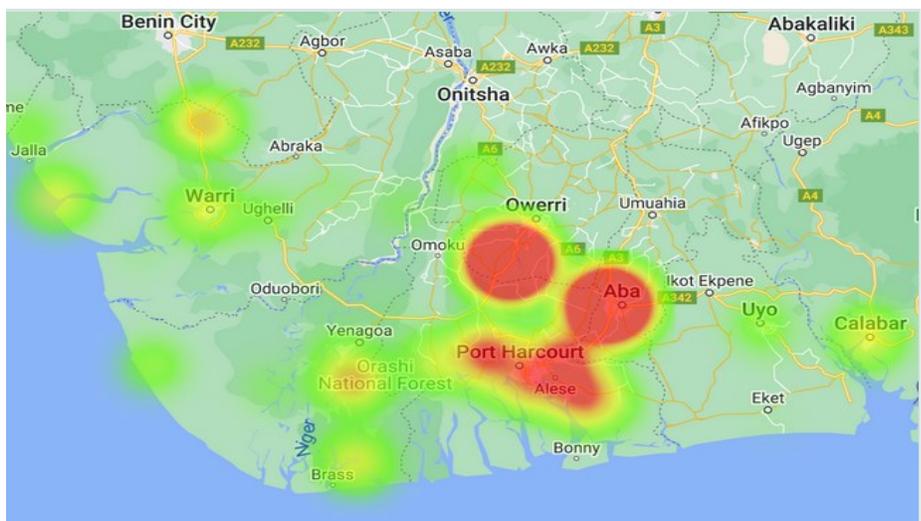


Figure 2: Heat Map shows geographical concentration of reported artisanal oil refining related fatalities in the Niger Delta from January 2014 - April 2022. Sources: Nigeria Watch and ACLED data, integrated on the P4P Peace Map (www.p4p-nigerdelta.org)

Trends and Dynamics of Illegal Artisanal Oil Refining Related Violence in the Niger Delta

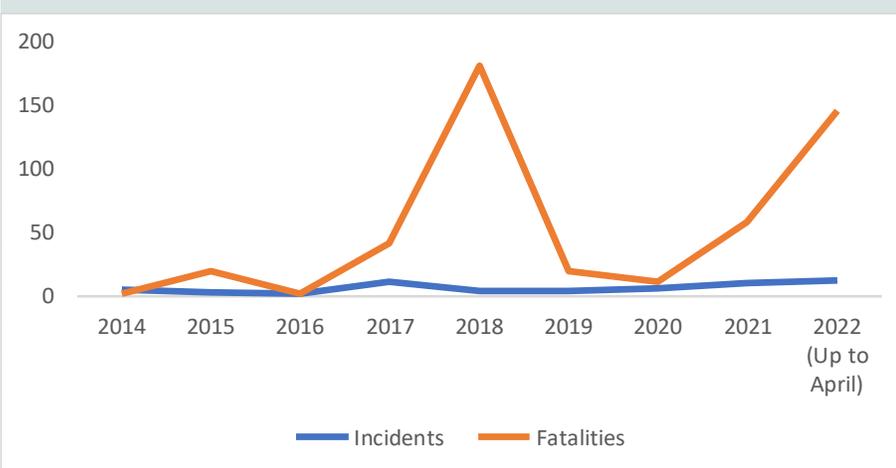


Figure 3: Artisanal Oil Refining Related Violent Incidents and Fatalities from January 2014 - April 2022
Sources: Nigeria Watch and ACLED data, integrated on the P4P Peace Map (www.p4p-nigerdelta.org)

This conflict briefing examines the dynamics of illegal oil bunkering and artisanal crude oil refining in the Niger Delta. It highlights the environmental, socio-economic and security impacts, and proposes concrete steps for consideration by the government, civil society organizations, peace actors, and other key stakeholders concerned with improving security and creating peaceable economic livelihoods in the region. This brief draws on data available on the [P4P Peace Map](#), and information from key informant interviews with individuals involved in the artisanal oil refining economy in Bayelsa, Delta, Rivers, Imo and Abia State.

Background

The Niger Delta of Nigeria is situated on the Gulf of Guinea and covers an area of over 70,000 square kilometers. The area is highly diverse with over 40 ethnic groups who speak more than 100 languages and dialects, and whose traditional livelihood involve mainly farming and fishing. The region comprises 185 out of the 774 local government areas and covers nine out of the 36 states of Nigeria: Abia, Akwa Ibom, Bayelsa, Cross River, Delta, Edo, Imo, Ondo and Rivers. With over 30 million people, according to a 2006 population census, and an estimated population density of 265 people per square kilometer, the region accounts for more than 23 percent of Nigeria's population.

The Niger Delta contains vast reserves of oil and gas, which play a significant role in the Nigerian economy. Despite these abundant natural resources, the region is marked by poverty, underdevelopment, environmental degradation, and insecurity. Historical tensions and a proliferation of armed groups (militant, criminal, and ethno-sectarian) contribute to the changing conflict and security dynamics in the region.

Historically, the Niger Delta region has been marked by violent agitation over political rights, resource control and environmental protection. The struggle for local control of oil resources and environmental remediation later evolved into armed insurgency. Between the 1980s and 1990s, many social justice movements and ethnic militias emerged to protest against the devastating impact of oil exploration and production. A notable group that emerged during that period was the Movement for the Survival of the Ogoni People (MOSOP) led by Ken Saro-Wiwa, an environmental rights activist.

The killing of Ken Saro-Wiwa and eight other MOSOP leaders by the military government in 1995 triggered a series of violent agitation and the emergence of several militant groups in the region. Between 2003 and 2007, several militant groups emerged, including the Niger Delta Peoples Volunteer Force (NDPVF) and the Movement for the Emancipation of the Niger Delta (MEND). These militant groups took up

arms against the government and engaged in the kidnapping of oil workers, vandalism of oil facilities and illegal oil bunkering.

In 2009, the federal government instituted an amnesty program to incentivize militants with allowances and capacity building training to end the insurgency. Some of the militants however continued to engage in illegal oil bunkering and artisanal refining because of the lucrative nature of the business, and the failure of the amnesty program to effectively address the underlying causes and drivers of militancy in the region.

Drivers and Dynamics of Illegal Oil Bunkering

The growing prevalence of illegal oil bunkering and artisanal refining in the Niger Delta can be situated within the context of several interrelated and often overlapping conflict drivers and dynamics. The situation is intricately linked with socio-economic pressures and the demand for local control of oil resources, and driven by varying degrees of historical, political, environmental, communal and criminal factors.

Illegal oil bunkering - stealing of crude oil from pipelines and wellheads, smuggling, selling and illegal artisanal oil refining - is an upshot of the oil crisis in the Niger Delta. It originated from acts of vandalism by local youths to compel oil companies to pay compensation for oil spills.⁵ It later evolved into small-scale stealing of refined oil for domestic use and sale in local black markets, and eventually developed into a well organized venture involving criminal syndicates including militant groups, oil company staff, security agent and international dealers.⁶

The emergence of militant groups transformed illegal oil bunkering into a well organized lucrative venture that involves large-scale stealing of crude oil for sale in both local and international markets.⁷ It was a major source of funding for militancy as stolen crude oil was reportedly sold for cash or exchanged for weapons and illicit drugs.⁸

Over the years, stolen crude oil is increasingly being refined in artisanal refineries that employ indigenous technologies (see Figure 1). Illegal oil

bunkering and artisanal refining activities are thus intricately connected and mutually reinforcing - illegal oil bunkering supplies artisanal refineries with crude oil, while the refined products feed into the supply chains of oil bunkering business.⁹ The local demand and supply dynamics are mainly driven by the loss of peaceable livelihoods and growing demand for locally refined fuels as a result of shortages of petroleum products mainly caused by inefficient national refineries.¹⁰

Illicit Artisanal Oil Refining and Insecurity

Illegal oil bunkering and artisanal refining are major drivers of insecurity in the oil and gas industry and the agricultural sector in the Niger Delta. Vandalism and illegal tapping of oil pipelines by criminal gangs have compelled oil firms to regularly declare *force majeure* on oil and gas exports thereby undercutting profits and reducing government revenue.¹¹ According to data,¹² the Nigerian government reportedly loses an average of 200,000 barrels of crude oil per day, which is more than 10 per cent of daily production, and an estimated \$4 billion yearly as a result of illegal oil bunkering and artisanal oil refining activities in the Niger Delta.

Besides economic insecurity, the environmental impact of artisanal oil refining has endangered the health and wellbeing of many communities. Spills from damaged pipelines as well as solid, liquid and gaseous wastes from artisanal refineries produce massive pollution that causes air, water and land pollution (see Figure 4). Soot pollution caused by artisanal oil refining is reportedly causing cancer and respiratory track infections among residents.¹³

Moreover, illegal artisanal crude oil refining is inherently dangerous. Illegal artisanal refineries are extremely predisposed to explosions and fire accidents that mostly result in several deaths and destruction of vegetation and natural habitats.¹⁴

As stated by an interviewed artisanal refinery operator in Agba-Ndele community, Rivers State: *“Explosions and fire outbreaks sometimes occur during the cooking [local refining] process and this usually cause many deaths”*. In October 2021, for instance, more than 20 persons were reportedly killed in a fire accident at an illegal artisanal refinery in Rumuekpe community, Rivers State.¹⁵

The environmental impact of artisanal refining has intensified the devastation of the traditional livelihoods of farming and fishing. This has resulted in occupational disruptions and emergence of an organized criminal economy characterized by violence.¹⁶ Militancy, piracy and drug trafficking

are usually reinforced by illegal oil bunkering and artisanal refining. The proceeds of oil bunkering and artisanal refining are used to procure arms to commit violent crimes and to counter attacks from rival gangs and government security forces.¹⁷

Also, conflict over oil bunkering opportunities and clashes between illegal refiners and security forces often result in killings, human rights violations and displacement of residents. As explained by an interviewed resident in Okarki community, Bayelsa State: *“Sometimes we are assaulted by security forces while searching for vandals and illegal refinery operators in the community”*.

Artisanal Oil Refining and Regional Security

Apart from its adverse impact on the environment, security and the national economy, artisanal oil refining has also brought about a relative level of regional stability.¹⁸ According to data (www.p4p-nigerdelta.org), there was a noticeable decline in the levels of organized criminality and resource-based conflicts in the Niger Delta between 2016 and 2021. While the causes of the decline are diverse, the trend is largely driven by alternative livelihoods created by artisanal oil refining for erstwhile conflict actors in the region.¹⁹



Figure 4: A polluted site of an abandoned illegal artisanal oil refinery in Ogale community near Eleme, Rivers State.



Figure 5: A canoe transports drums of artisanal refined petroleum products along a creek in the Niger Delta. © The Southern Examiner

Over the years, artisanal oil refining has evolved a parallel economy characterized by a clandestine system of commerce that is a major source of employment and energy in the region (see Figure 5 above). It is a vital source of fuel for transportation and household energy in many communities with limited access to official sources of energy.²⁰

The artisanal (largely illegal) oil refining economy provides direct employment for a large number of youths in the region.²¹ An interviewed young man involved in artisanal oil refining in Owaza community, Abia State explained: *“I graduated from a university in India as a mechanical engineer. After I graduated I could not secure employment because there are no job opportunities. I decided to join the local oil refining business because it is very lucrative”.*

The artisanal oil refining economy also provides indirect jobs for many residents including women and girls through its vast value chains and ancillary activities such as transportation, retailing, and welding and fabrication. An interviewed woman who deals in artisanal refined petroleum products in Owaza community, Abia State explained: *“The business has created jobs for many people. Some people specialize in the production of drums for cooking the oil, nylon bags for packaging, and transportation of the products. It is also a source of income for many women that sell food to the operators during the cooking process in the bush”.*

According to residents, artisanal oil refining has helped to avert a resurgence of armed insurgency by providing alternative livelihoods for former militants, cult gangs and other key actors in the Niger Delta conflict. An interviewed artisanal oil refinery operator in Opuama community, Delta State explained: *“Kpo fire [illegally refined petroleum products] business has brought peace to the community. Militancy, kidnapping, robbery and cult clashes have reduced because all the bad boys [hoodlums] are busy with Kpo fire business”.*

Profits from artisanal oil refining also helps to finance and sustain networks of patronage among local elites who are critical in maintaining communal peace and stability.²² As a major source of employment, income and energy, artisanal oil refining drives the local economy and therefore plays a critical role in maintaining regional stability.

Implications of a Militarized Response

So far, government response to the situation mainly involved the use of special security task forces to identify and destroy illegal artisanal oil refineries and the arrest of suspected illegal refinery operators as well as dealers in illegally refined petroleum products.²³ However, this approach has not been able to solve the problem, as illegal oil bunkering and artisanal refining activities are still prevalent in the region.

Combating an economic and environmental crime such as illegal artisanal oil refining is essentially a law enforcement function. The proliferation of illegal artisanal oil refineries in the Niger Delta

seizure of instruments of conveyance.²⁶ While this approach has recorded some level of success, it not only deprives the local populace of a vital source of livelihood, but also destroys the surrounding vegetation and natural habitats, thus intensifying pollution and disrupting the traditional livelihoods of fishing and farming (see Figure 6).

This approach could be counterproductive in the long term, especially considering that artisanal refining is largely driven by a lack of economic opportunities and growing demand for locally refined petroleum products as a result of fuel shortages. As a major source of employment and income, the artisanal oil refining economy plays an important role in sustaining conflict actors and maintaining a degree of stability at the communal



Figure 6: An illegal artisanal oil refinery destroyed by the JTF burns along the creek near River Nun in Bayelsa State. © Reuters/Akintunde Akinleye

cannot be effectively checkmated by a militarized approach that does not include plans to address the root causes and drivers of the problem. The current militarized approach that emphasizes the deployment of Joint Task Forces (JTFs) comprising personnel from the Nigerian Army, Navy, Police and paramilitary agencies is not only ineffective in addressing the underlying drivers, but it could be counterproductive in the long term.²⁴

The current approach portrays illegal artisanal oil refining as a security problem rather than as a symptom of economic deprivations and governance dysfunction.²⁵ This approach mainly involves the destruction of illegal refineries, burning of locally refined petroleum products and

and regional levels.²⁷ A militarized response could disrupt the local economy and spark off a cycle of violent clashes between government security forces and criminal gangs which could cause collateral damage. This could undermine ongoing efforts to foster peace and stability in the region.

Crackdowns by government security forces on illegal artisanal oil refineries could also cause sudden disruptions in patterns of daily life, especially where the local population depends on artisanal refining for their livelihoods. This could increase unemployment, cause a resurgence of youth restiveness, and emergence of violent militant groups and ganglands in the Niger Delta.

The Way Forward

Combating illegal artisanal oil refining requires a multifaceted and multi-stakeholder approach that is grounded in an informed understanding of both the problem and its context. The approach must include a combination of strategic, legal and regulatory measures, and policies that address the underlying social and economic dynamics, and should be guided by 'Do No Harm' principles to minimize second- and third-order consequences.

For the approach to be effective it must be holistic, including policies that prioritize the creation of alternative economic opportunities in the formal and informal sectors where artisanal refining skills and technologies could be harnessed. It should also include environmental education to promote environmental sustainability and a communication strategy to raise public awareness of the negative impacts of illegal artisanal oil refining.

Recommendations

1. In conjunction with the federal and state government, stakeholders should carry out an assessment of the artisanal oil refining economy to understand its context, drivers and enablers.
2. Based on the findings of the assessment, a stakeholder mapping should be carried out to identify key actors and stakeholders. This should include law enforcement agencies, actors in the oil and gas industry, NGOs, civil society organizations (CSOs), and appraisal of their influence, local connections and capability to execute relevant interventions.
3. Based on the assessment and stakeholder mapping, the federal and state government should convene a multi-stakeholders forum to draw up an action plan.
4. In conjunction with the relevant security agencies, industry actors and community leaders, the federal and state government should set up a multi-stakeholder committee to oversee the identification, documentation and dismantling of illegal refineries, and the

disposal of illegal petroleum products in a way that minimizes environmental pollution.

5. Stakeholders should then start the process of identifying and implementing options for alternative livelihoods that could be explored by those involved in artisanal oil refining. This should include policies to leverage artisanal refining technologies and skills through licensed modular refineries to create industry-relevant jobs, and address recurring national fuel shortages that is driving demand for artisanal refined petroleum products.
6. Stakeholders should also leverage the Host Community Development Trust Fund (HCDF), as stipulated in the Petroleum Industry Act (PIA), to implement economic development and peacebuilding programs that address local grievances in the region.

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