7
Oil Production and National Security in Sub-Saharan Africa
By Wolf-Christian Paes

1. Introduction

Sub-Saharan Africa is in the middle of an oil boom. Oil production is set to double by the end of the decade, with much of the new production coming from the Gulf of Guinea in West Africa, where Angola is trying to overtake Nigeria’s position as the prime producer in the region, and where new fortunes are waiting to be made in Equatorial Guinea and in São Tomé & Príncipe. Geo-strategic shifts after September 11th, 2001 have increased U.S. interests in this otherwise largely ignored part of the world, as Washington seeks for new suppliers of crude outside of the volatile Middle East. U.S.-based oil giants are competing vigorously with established European producers and Asian newcomers for the right to explore and exploit new fields off the African coastline. In this part of the world, where foreign investment has been scarce in other sectors of the economy, oil clearly is the only game in town.

This fortune is a mixed blessing for those countries striking it rich – West Africa’s long-established petro-states seem like a monument to hopes lost in a jungle of corruption, economic mismanagement and bad government. Nigeria, Africa’s champion of oil production for four decades, has gambled away billions of dollars in oil revenue in failed development schemes and by nourishing a parasitic political elite, while the living standard of ordinary citizens is lower than before independence. Suffering from a combination of ”Dutch disease” and rent-seeking, none of the established producing countries has managed to turn its wealth into development opportunities. However, even more frightening, it seems that petro-states are particularly prone to armed conflict, despite that fact that they spent more on their security forces than most other developing countries.
Defense Spending, Oil Production and National Security

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Sources: For defense expenditure – BICC Conversion Survey 2004; For oil production – Economist Intelligence Unit, Heidelberger Konfliktbarometer 2003

Among Africa’s oil producing states, two countries (Sudan and the Democratic Republic of Congo) are embroiled in bloody civil wars, that have been running for years, while a third country – Angola – has only recently emerged from a similar conflict and is still battling a small insurgency in its northern Cabinda enclave, significant as Angola’s main on-shore production site. Angola’s neighbor, the Republic of Congo (Congo-Brazzaville) has experienced a traumatic conflict between feuding militias, while Nigeria’s security forces have been battling insurgents in the oil-producing delta area for years, and even Cote d’Ivoire, a country that previously had been spared armed conflict, has recently been exposed to civil war. This raises the question why oil states in Africa seem to be more prone to violent conflicts than their resource-poor cousins?
This text explores the relationship between oil production and national security with a particular focus on the oil-producing states in Sub-Saharan Africa.

2. Resources and Conflict

For the past decades analysts and journalists have tried to understand the causes and the nature of the multitude of conflicts that have embroiled the developing countries since the dawn of de-colonization in the 1950s. Until the end of the Cold War most theories focused on the conflict between the Warsaw Pact states and the NATO alliance to explain the violence that has accompanied the end of colonial rule and the formation of independent states in many parts of the developing world. The Soviet Union, and to a lesser extent the People’s Republic of China, provided ideological guidance and military hardware to liberation movements in Latin America, Africa and Asia. Meanwhile the United States of America and its allies within NATO made every effort to support anti-communist forces. Whereas the role of ideology was often overstated by foreign observers – many of the armed groups used political labels mostly to win support abroad, sometimes even shifting alliances during their struggle – there is no doubt that “proxy war” was the predominant paradigm for the analysis of violence until 1989. Following the collapse of the Warsaw Pact, the successor states of the Soviet Union reduced their presence...
in and military support for armed groups in Africa, which, along with the simultaneous withdrawal of “western” support for anti-communist groups helped to end long-standing conflicts from Namibia to Mozambique. With the election of Nelson Mandela in 1994, the last bastion of white “settler” rule in Africa fell, removing another source of sub-regional destabilization.

However, those twin events – the end of the Cold War and of white rule in South Africa – did not spell the end of violent conflict in Africa, even though some observers like Francis Fukuyama had predicted the “end of history” in the early 1990s. This became patently clear during the genocide in Rwanda, when extremist Hutu militias slaughtered hundreds of thousands of their Tutsi compatriots as well as scores of moderate Hutu. Just a few months later, the Hutu government was driven from power by Tutsi rebels operating from neighboring Uganda, leading to the mass exodus of Hutu refugees into Zaire and subsequent cross-border raids by Hutu and Tutsi groups. While these events caught many European observers (as well as the US government and the United Nations) by surprise, they gave prominence to a new approach to conflict analysis that focused on ethnicity and the politics of identity. An offshoot of this discussion, which enjoyed some prominence in policy circles during the 1990s, was started by the US political scientist Samuel Huntington (1996) in his book “The Clash of Civilizations”. This approach sought to explain conflicts by focusing on religious-civilization fault lines rather than on ethnicity.

More recently, a new school of conflict analysis has emerged which uses an economical paradigm to analyze contemporary wars. Dubbed the “greed-versus-grievance” debate, scholars have argued that resources and their “lootability” play an important role in explaining the dynamics of armed conflict on the periphery. The early discussion was framed by two important texts, using different points of departure. One study, authored by World Bank economist Paul Collier (2001) and widely read in the policy-making community, used a macro-economic framework and a large sample of conflicts (44 civil wars between 1960 and 1999) to analyze the role of resources in violent conflicts. His study stands in marked contrast to most other research on this topic by arguing that there is no causal link between factors such as lack of democracy, inequality and ethnic diversity and the occurrence of armed conflict. Collier and his disciples argue that all societies experience grievances of this sort, however the strongest correlation exists between the dependency on primary commodity exports and the occurrence of armed conflict. This causal link is explained by the fact that natural resources (unlike other sectors of the economy) can be most easily exploited (through looting or “taxation”) by insurgent forces, making the pursuit of civil war a rational choice for “entrepreneurs of violence” in the absence of other opportunities of income.
CHAPTER II

OIL POLICY IN THE GULF OF GUINEA

generation. Interestingly, his study identifies countries with primary commodity exports accounting for 26 percent of Gross Domestic Product (GDP) as being most at risk, presumably because a lower share indicates insufficient resources for rebels to loot, whereas a much higher share suggests that government would have more funds available to fight insurgencies before they escalate to full-blown civil wars. This point suggests that the ability of national governments to control revenue from natural resource exploitation and the use of (at least some) these funds for public services – in short governance – is an important variable for the understanding of conflict dynamics as well. Collier furthermore identified low education levels, high population growth, economic decline, low-income levels and large diasporas as other factors contributing to the risk of violence.

While Collier’s macroeconomic approach was criticized in the peace research community precisely because it seemed to denounce the role of grievances in conflict (and because of the highly abstract nature of the data used in the analysis), few contemporary scholars doubt that economic predation is a factor in many of the “new” or “small” wars (Kaldor, 1999) on the periphery. Many authors have sought to identify the precise nature of this causality, starting with Jean & Rufin (1996) who studied the function of “war economies” in civil wars to Duffield (2001), who tries to link the occurrence of (partially) economically motivated conflicts to globalization. This discussion is closely linked to another growing body of literature on state failure and the effects of patronage. William Reno (2000) argues that the chronic diversion of state resources away from the treasury and towards a small elite, which is linked to the center of power through an elaborate system of mutual dependencies increases the risk of civil war. Following this line of thought, the diversion of public funds into private pockets means that public utilities, including most prominently the provision of security and the state monopoly on coercive violence, become increasingly rare. In the short term, this may actually strengthen the grip on power of the ruling class, as personal loyalty becomes the critical bargain chip for access to clientele networks, which provide anything from a government job to a business permit. However, the stability of these kleptocratic systems depends on the continuous flow of resources. Once the supply of fresh cash dwindles, for example because foreign backers withdraw their support or as the result of a slump in commodity prices on the global markets, clientele networks cease to function quickly. Potential challengers can no longer be bought off and the previous erosion of state structures means that the security apparatus is often unable to offer a credible deterrence to a rebellion. The end of Zaire’s long-time ruler Mobutu, whose kleptocratic rule had left only an empty shell in the place of state authority, unable to defend his throne against the advance of Kabila’s (foreign-backed) rebels, is a case in point (Paes & Shaw, 2003).
3. Oil as a Conflict Commodity

Much of the early discussion of resources and conflict was based on a limited range of commodities, most notably on diamonds, which played an important role in financing civil wars in Sierra Leone and in Angola, and drugs, which are prominent for example in Columbia and Afghanistan. Later on the focus was broadened to include timber (Liberia and Cambodia), copper (Papua New Guinea and Indonesia), coltan and coffee (both in the Democratic Republic of Congo). Oil has been mentioned in connection with the civil wars in Angola, the Republic of Congo and in Sudan, as well as in some non-African cases such as Indonesia, Columbia and in the Caucasus.

While all commodities listed above have played and continue to play a role in motivating conflict, it seems obvious that the different characteristics of, say, oil compared with diamonds must have an impact on their role in civil wars. Ross (2003) introduces three parameters by which to categorize conflict commodities. This includes lootable versus non-lootable, obstructable versus non-obstructable and legal versus illegal resources. Based on this categorization he develops seven hypotheses on the role of these commodities in civil wars.

The first factor lootability refers to the ease by which a resource can be extracted from the ground – for example opium can be grown easily with a minimum in terms of investment (seeds), labor and expertise. Given a conducive climate and sufficiently fertile soils, any farm can grow opium with less effort than many other cash crops, accounting for a high lootability factor. Similarly, alluvial diamonds can be extracted from river beds with low outlays in terms of investment and moderate technical know-how, however at the expense of comparatively high labor costs. Clearly, both commodities are characterized by a high lootability factor. In contrast, deep-shaft mining and the exploration and production of oil require a much higher capital investment and substantial geological know-how, making these resources much less accessible to insurgents and therefore less lootable. This is particularly true during the exploration phase, so far no rebel group has been able to attract major international companies to make the necessary investments during active civil wars, but even continuing production (when the physical infrastructure and a skilled workforce are already in place) is extremely difficult when the production site is located in rebel territory, because of the difficulty of accessing necessary spare parts and other inputs. As a result of these factors, deep-shaft mining and oil (and natural gas) production are characterized by a low lootability factor, their production tends to favor governments (and their clientelist elites) rather than rebel groups.
Income from non-lootable resources can have a major impact on the balance of a conflict, as witnessed in Sudan where the surge of oil revenue has allowed the government of Sudan to modernize its armed forces and to tip the scales in the long-standing campaign against the various rebels groups in the South (Lewis, 2004). Another aspect of the lootability issue is focused on manpower requirements. According to Ross (2003) resources that are easily lootable are characterized by a high dependency on locally recruited labor. Alluvial mining for diamonds, gold or coltan presents major employment opportunities for the local population. While forced or slave labor has been a factor in some countries, more often than not the people working the mines are either being paid or allowed to retain a share of their finds. This generates income opportunities and an economic trickle-down effect particularly in the absence of other forms of salaried employment in crisis areas (Johnson et. al., 2002).

In contrast, non-lootable resources are usually exploited using comparatively fewer workers and depend on machines for much of the heavy work, i.e. drilling and excavating. Given the absence of the necessary technical skills among the local population, international mining companies very often recruit their personnel outside of the mining area, in addition to professional jobs, such as engineers this also includes construction workers, kitchen personnel and security operatives. Therefore, mines and oil production facilities are usually “enclave economies,” entirely dependant on the outside world for workers, spare parts and other inputs, and with few links to the surrounding communities, which often suffer from the side effects of resource exploitation, such as the degradation of the environment, without sharing the profits from it. As witnessed for example in the Niger Delta (Douglas et. al., 2003) and also in Angola’s Cabinda enclave (Porto, 2003) this can be a major cause for new conflicts. Where these grievances are not adequately addressed both by the companies and the central government, which is usually in charge of distributing oil revenue, this strengthens the cause of insurgents calling for the secession of the oil-rich provinces from the rest of the country.

The next important factor to measure the role of a commodity in financing insurgent operations is obstructability – this refers to ease with which a conflict party can obstruct the access of a commodity to the markets. Most natural resources have comparatively little intrinsic value but depend on the demand from the global market. This includes for example such traditional objects of value as diamonds and gold, which have little practical use beyond serving as ornaments and therefore need access to jeweler’s shops in Europe, North America and Asia, but also for crude oil (which depends on a refinery before being of much use as fuel) or coltan, which plays a role in the production of semi-conductor chips. As a result, the producer needs access to transportation hubs, such as railheads, airfields and ports.
to ship the commodities to (often foreign) markets. Here again, some resources have significant advantages over others, the most notable being the weight-value ratio. Whereas some goods, most notably diamonds, gold and coltan command a high price for comparatively small quantities, others (such as timber, most agricultural products, copper as well as oil and gas) need to be exported in bulk. Consequently, diamonds can be fairly easily smuggled out of a crisis area, often using human ‘mules’ for the first part of the journey, while other commodities require the use of trucks, railroads or even pipelines for access to the markets. From a military point of view, it is obvious that diamonds and coltan are therefore preferable for insurgents, because transportation corridors can be easily blocked by enemy forces. On the other hand, fixed installations such as pipelines and railway lines become rewarding targets for rebel groups, which can seriously hamper production by obstructing these facilities. This has been a constant concern for oil companies operating in Columbia and in Nigeria.

Lootability and Obstructability of Various Resources

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<th>Lootable</th>
<th>Non- lootable</th>
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<td><strong>Highly Obstructable</strong></td>
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<tr>
<td><strong>Moderately Obstructable</strong></td>
<td>Agricultural products, Timber</td>
</tr>
<tr>
<td><strong>Non-obstructable</strong></td>
<td>Coca, Opium, Alluvial gems</td>
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Source: Ross 2003, p. 55

Finally, the legality of a commodity is of relevance, because illegal substances (particularly drugs such as coca and opium) tend to command high prices on the global market, precisely because they are illegal. Consequently, rebel groups which are willing to cooperate with organized crime in North America or Europe, or who even run their own distribution networks abroad, can benefit greatly from this trade. On the other hand most governments are concerned about their public image abroad and fear international sanctions, making the use of illicit commodities for income generation more difficult.
It seems clear from what has been said above that oil is a non-lootable conflict commodity. The need for high capital investment and for specialized know-how means that insurgent groups are incapable of organizing the exploration for oil reserves. While in theory international companies could take over this role under a license from a rebel group, there are no documented cases where this has actually happened. In contrast, junior mining companies have been known to operate in rebel territory, for example in Sierra Leone or in the Democratic Republic of Congo. This can be explained by the fact that the capital investment is much higher in the case of oil or natural gas than in the case of most mining activities. Furthermore, it takes much longer to reap a profit from such an investment, leading to a situation where companies prefer some degree of legal security for their exploration rights.

Secondly, large international companies with their own retail operation in developing countries are increasingly concerned about their public image and therefore prefer to deal with governments rather than with rebel groups. As a result of these factors, governments are more likely to benefit from oil revenue than other actors. In most African countries exploration and mining rights are awarded by the central government and therefore producers pay their licenses, taxes and other royalties directly in the capital. Obviously, this creates a massive potential for corruption, the International Monetary Fund (IMF) claims that in Angola more than US$ 1 billion in oil revenue are channeled away from the state budget and into private pockets. In contrast, comparatively little money is spent in the oil production areas, leading to new grievances and often fuelling separatist desires. During civil war, oil revenue plays an important role in financing the war effort of central government, as witnessed for example in Angola and in Sudan, where the ultimate “victory” of the government side was to a large extent based on the advantage of newly-purchased military equipment. Rebel groups have only limited possibilities to challenge the monopoly of central government on oil revenue, where production take place onshore, insurgent groups can target oil installations, blow up pipelines and kidnap oil workers, hoping to stop production. But even where this strategy is successful, while rebels can deny revenue to government, they can’t easily benefit from the resource themselves. The low-intensity conflict in the Niger Delta is an exception to the extent that here oil workers have been held for ransom by armed groups, and oil has been stolen from rigs and pipelines for re-sale elsewhere in West Africa. Where oil production is offshore, oil becomes not only difficult to loot but also extremely difficult to obstruct, as no African insurgent group commands naval or aerial capabilities to target oil platforms beyond the immediate vicinity of the shore.
As a result for this, while oil clearly has the potential to stir economically related conflicts, it is more difficult for insurgent groups to control the production and marketing of this resource than in the case of other ‘conflict commodities’. Access to the riches created by the oil bonanza lies either in taking control of the state mantle, which signs the agreements with the international companies and therefore provides most rent-seeking opportunities, or by breaking away from the central state and forming a new entity in the oil zone, forcing the companies to renegotiate their contracts. A third path would consist in changing the internal balance of power in an oil-producing country in such a way that a larger share of the oil wealth is available locally, which can then be tapped by the warlords.

4. Forms of Oil-Related Conflict

Oil-related violent conflicts can be classified either according to motivation (criminal, socio-political or strategic) or according to their level (local, regional, national or international). However, it is important to note that many conflicts do not easily fit into this scheme and that motivations can shift during a conflict.

(1) Local and regional conflicts based on socio-economic factors
Most conflicts directly related to oil exploration and production stem from the protests of local communities against the ecological degradation and the destruction of traditional lifestyles by the activities of international oil companies. This is often combined with a feeling of neglect, triggered by the fact that usually only a very small portion of the oil revenue is re-invested locally and the lion’s share of profits remains with the central government. While most protests at this level are initially peaceful, they have the potential to turn into violent confrontations between police, company security agents and locals, often involving acts of sabotage.

(2) Criminal activities against oil installations and personnel
Where oil is produced onshore, or where land-based pipelines are present, “bunkering” (the theft of oil from wells and pipelines) is increasingly becoming a problem for oil companies. What has often started as a small-scale survival strategy of the local population shows increasingly the characteristics of organized crime, fostered by a climate of lawlessness and underdevelopment, which put a large reservoir of disgruntled youth at the disposal of local ‘warlords’. Oil-rigs and workers are seized and held for ransom, and in some areas, such as the Niger Delta, the politically motivated resistance overlaps with criminal acts.
(3) Oil production as a cause for separatist insurgencies
Oil exploration and production is an important factor in triggering secessionist insurgencies. While these are often based on a set of causes, such as ethnicity, religion or ideology, the promise of becoming an oil-rich mini-state, in which the bulk of oil revenue remains with the local political elites rather than with the central bureaucracy in a far-away federal capital plays an important role in building popular support for separatist movements.

(4) Oil production in national civil wars
As discussed above, oil is different from other resources in being less accessible to insurgent groups battling the government. However, it does play an important role in supplying the government with much needed cash to import arms and ammunition during times of conflict. Naturally, this makes oil installations an attractive target for rebel attacks, with onshore installations being particularly vulnerable.

(5) Inter-state conflicts over resource exploitation
In the absence of the necessary financial and technological resources to take oil exploration and production into their own hands, the most important asset for political elites in tapping the lucrative oil sector lies in the claim to sovereignty over the exploration areas. Given the often poorly mapped border areas in part of the African continent, this holds a lot of potential for inter-state conflicts over conflicting claims on potential oil-rich areas.

5. State and Corporate Responses
Oil companies and states have stepped up security at oil installations in order to prevent damage of production facilities, bunkering and attacks on oil workers. In contrast to other extractive industries in crisis areas, oil companies rely less on private security companies to safeguard their facilities, but rather on a very close cooperation with state military forces. However, as these troops are often poorly trained and equipped, oil companies, particularly in the Niger Delta and in Sudan, have been known to supplement their salaries with company funds, paying for specialized training by external security experts and by providing access to company transportation (helicopters, airplanes), communication and other infrastructure. This is particularly the case where substantial onshore production, for example in Nigeria, Angola (Cabinda) and Sudan, make oil companies vulnerable to attacks by insurgents. This close cooperation between state security forces and
corporate interests, which allegedly led in the case of Shell-Nigeria in 1995 even to attempts by the company to circumvent an international arms embargo to re-equip those forces, raises a number of critical issues:

Whereas oil companies like to claim that the heavy-handed response of government forces lies beyond their control, the close relationship and financial dependency implies that companies could restrain the tactics of the security forces, if so they wanted.

- Meanwhile, as troops deployed by the government to guard oil installations as ‘quasi-mercenaries’ are on the company payroll, they are very interested in maintaining a climate of insecurity to justify their continued presence. This could potentially even lead to the security forces fostering insurgent activities.
- The financially privileged status of government troops deployed as ‘company security’ threatens the cohesion of the national security forces and potentially could be a source of conflict among those privileged units and those less fortunate in resource-poor areas.

6. Conclusion

Local and regional conflicts are becoming less relevant in the Gulf of Guinea, as oil exploration and production is increasingly moving from on-shore locations further out to the sea. While this trend is very expensive for the producers and production costs are rising steeply, offshore production clearly is seen as the answer to security concerns in West Africa. While this may alleviate the concerns of the companies, by taking installation and personnel out of the conflict areas, it does not address the concerns of the people left behind in a largely destroyed ecosystem, nor does it address the fundamental distribution issues stemming from the oil bonanza. Meanwhile, landlocked producers such as Chad and Sudan (and also to some extent Angola) will have to find other solutions to address the grievances caused by oil production.

It seems obvious that the key component to a sustainable solution is to be found in good governance. Societies which make sure that the wealth generated by oil production benefit all sectors of the population, which fairly compensate local communities for the destruction of the natural environment caused by oil production and which keep corruption at an acceptable level, are much less at risk. While strong regimes, bolstered by oil revenue, may not come under serious threat from insurgency groups on the battlefield, they should not be mistaken for
strong states. The internal cohesion of petro-states (and other clientelist systems) depends to a large extent on the ability of the ruling clique to buy-off potential challengers and to deter military threat with superior force. However, as Mobutu’s Zaire and Abacha’s Nigeria show, few autocratic regimes are sustainable in the absence of outside support. The current geo-strategic situation after September 11th, 2001 certainly seems to favor undemocratic regimes, as the United States are actively looking for new sources of crude oil beyond the Middle East and Venezuela. But there are no guarantees for West Africa’s corrupt petro-elites that the current climate in Washington (as well as in some European capitals) will prevail over time.

It has been argued that oil is a development trap for poor and populous countries with weak state structures. Without a doubt, the majority of the success stories, where oil has indeed contributed to development, either had already highly developed economies before the oil bonanza (such as Norway, the Netherlands or the United Kingdom) or were characterized by low population densities (as in the case of the Persian Gulf states). Nevertheless, some African countries, for example Botswana and South Africa, have shown that it is possible to turn natural wealth into tangible developmental benefits without excessive state corruption.

The international community and the private sector have important roles to play in creating mechanisms to reduce corruption, ensure an equitable distribution of oil revenue, minimize ecological damage and guaranteeing fair employment practices in the oil industry. The Chad-Cameroon Pipeline project is probably the most ambitious example for a Public Private Partnership in the oil sector to date, bringing together African governments, civil society, oil producers and international financial institutions. Whether this ambitious project will indeed serve as an example for best practices in this field only time will tell.

References


