

# The Oil Industry and Urbanization in the Niger Delta: Rivers State Experience from 1967-2015

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## ABSTRACT

The paper examines the role of Oil Industry in the growth of urbanization in Rivers State. Concentration of oil industry in the Niger Delta with emphasis on Rivers State is as a result of its natural endowment in Oil and gas which leads to the influx of people into the area. Modernization theory as applied in the work explains the linkage between urbanization and oil industry. Despite the adverse effects of oil industry, the paper argues that its influence creates wealth through employment opportunities. Through urbanization, there is increase in crime rate, high cost of living, poor living condition, high unemployment rate and neglect of the traditional economy. To achieve the desired result in this work, primary and secondary sources were adopted. In view of the problems associated with oil industry and urbanization, the paper recommends that forty percent (40%) of the work force should come from the host communities. To decongest Port Harcourt city and its environs, the government and the management of oil industry operating in the state should endeavour to develop satellite towns in the local government areas. There should also be an enabling law to control high cost of living ravaging the state.

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## Introduction

The Niger Delta region which comprises the six states in the South-South Geo-political zone of Nigeria is richly endowed with marine resources such as sea foods from the coastal water, oil and gas. These abundant resources of the environment have facilitated oil exploration in the region since 1956 that resulted to the establishment of oil industry. With the creation of Rivers State from the former Eastern Region on 27<sup>th</sup> May, 1967 with the acronym Treasure Base of the Nation several oil firms came into the state. But from 1999 following the rebirth of democracy in Nigeria urban growth in the area became rapid as a result of more international economic players in the oil firms. Similarly, World Bank describes Niger Delta as a region blessed with abundance of physical and human resources, including the majority of Nigeria's oil and gas deposits, good agricultural land, extensive forest, excellent fisheries, as well as a developed industrial base, a strong banking system, a large labour force and a vibrant private sector<sup>1</sup>.

Discussion on this paper is a little deviation from the view of most scholars that oil industry in Rivers State only promotes environmental degradation and destruction of aquatic lives. Rather, it argues that they contribute to the growth of urbanization in the state through the proliferation of multinational oil companies. However, it is evident that, the high concentration of people in Rivers State is as a result of the presence of the multi-national oil companies whereby inhabitants from other states in Nigeria see them as avenues for meaningful employment opportunities.

## Theoretical Framework

There are several theories used in the study of Urban areas. They include modernization theory, dependency theory, urban based theory and bright light theory of urbanisation. Among these theories, the most suitable to be applied in this work is the modernization theory because of its linkage to industrialization.

Modernization theory which was developed in the 20<sup>th</sup> century explains that modernization is a term used for national transition from the traditional (agrarian) society to modern (industrial) society<sup>2</sup>. The theory is also of the view that by introducing modern methods of production such as the use of advanced technology in industry, the backward areas will experience a boost in their economies that will eventually lead to development<sup>3</sup>.

According to modernization theory, urbanization is always a product of industrialization<sup>4</sup>. An application of this to Rivers State implies that as long as the state is flocked with oil industry, agriculture is abandoned in the rural areas and this makes it release more labour for oil industries operating in the urban centers. This, however, agrees with the idea that rural inhabitants are pulled to urban areas in the state by the high petrol-naira. Consequent upon this, it becomes clear that oil industry remains an important sector that facilitates urbanization. The theory is further supported by the fact that people from all parts of Nigeria continue to migrate to the richly oil endowed states as long as their expected oil wage exceeds their agricultural rural wages.

## Explication of Urbanization

Urbanization is simply the increase in the percentage of a country's population in cities.

It is also a development process of civilization in which the rural behavior prevalent in a town is eliminated. Against this, Wirth argued that population of any given area could not be a yardstick for a place to be regarded as urban, but the influence the urban areas exert on the social life of the people<sup>5</sup>. He further explains that population density would be meaningless in defining urban area. Under this condition, population of city centre is low at night and may not properly define an area said to be urban. Similarly, United Nations defines urbanization as the proportion of total population living in urban areas. In other words, it is the increased concentration of people in cities rather than the rural areas<sup>6</sup>.

Also, an urbanized place could be described as a heterogeneous area with various races, people and culture where individual differences are accepted. The relationship in the urban city remains formal since urban dwellers know little about the people with whom they interact. This implies that urbanized area consist of people committed to and get involved in an urban way of life<sup>7</sup>.

Another consideration of an urban area is her financial relevance to the inhabitants<sup>8</sup>. Apart from population size, the activities in a given area can differentiate an urban area from a rural area. These activities can be economic, political or both. Economically, the activities in the urban cities include manufacturing, services and development activities. Also important here is employment where over fifty percent of the employed population is outside the agricultural sector. While in the political sense, urban areas function as administrative centres. But the major economic activities of the rural areas are primary activities, of which part of them are concerned with extraction of raw materials for the industries.

#### Historical Origin of Oil Exploration in the Niger Delta

The search for "black gold" also known as crude oil actually began in Nigeria in 1908 when a German firm called Nigeria Bitumen Company took the business of oil exploration in the coastal areas of Okitipupa in the present day Ondo State. This endeavour did not make a huge success as the company stopped its operation at the outbreak of the First World War in 1914<sup>9</sup>.

But after the great depression of the 1920s, Shell B.P in 1937 initiated another move to search for oil in Nigeria. By then, it was pioneered by Shell D' Archy which later became Shell Petroleum Development Company with headquarters at Warri assumed the responsibility of oil exploration with the right to prospect for oil throughout the country<sup>10</sup>. And in 1941, Shell B.P temporarily suspended her exploration activities due to the outbreak of the Second World War.

As the aim was not still achieved, in 1945 Shell resumed its search for oil. This renewed effort took exploration activities to Ibo land mainly Imo State in 1951. Unfortunately, this did not yield any fruit as no oil was found.

Another attempt was made at Akata now in Akwa Ibom State in 1953, but the site was abandoned in 1954 even when small quantity of oil was found. Because of the initial sign of presence of oil, a renewed effort resulted to the discovery of oil in a commercial quantity at Oloibiri (now in Bayelsa State) in 1956 by Shell.

Similarly, Jide Osuntokun gave a summary that Shell D' Archy operated

*"Under mineral oil Ordinance No. 17 of 1914 and its amendments of 1925 and 1950 which allowed only companies registered in Britain or any of its protectorates the right to prospect for oil in Nigeria and further provided*

*that the principal officers of such companies must be British subjects. Between 1938 and 1941. Shell BP undertook preliminary geological reconnaissance. After five years interruption by the Second World War, it intensified and followed up the activities with geophysical surveys between 1946-1951. In 1951, Shell BP drilled the first widest well at Iho in the present day Imo State. In 1956, it made the first commercial discovery at Oloibiri, and in Bayelsa State<sup>11</sup>.*

Historically, as Shell BP exported her first oil Cargo from Oloibiri in 1958, Shell transferred her headquarters to Port Harcourt. EIF started operation in Rivers State in 1963 as Obagi field and Ubata gas field were discovered. In 1965, Agip found its first oil at Ebocha in the present day Ogbia-Egbema Ndoni local government area.

S/N	NAME	LOCATION
1	Runagate project service limited (established in 1990)	14 Udom Street Port Harcourt
2	Process supplies and Accessories (established in 1968)	170 Aba Road Port Harcourt
3	Domio Oil and Technical Service Ltd. (established 1989)	394 Ikwerre Road, Rumuokwuta Port Harcourt.
4	Nigeria LNG Limited (established in 1989)	Intels Aba Road Estate Port Harcourt – Aba Expressway, Port Harcourt
5	Newview Engineering Limited (established 1989)	Plot 3, 5 <sup>th</sup> Avenue Agip Housing Estate Rumueme, Port Harcourt.
6	Ohenmerge Company Ltd.	40 Ojoto Street Mile 2 Port Harcourt
7	Soafu Technical Resources	28 Forces Avenue Old GRA Port Harcourt
8	Nigeria Wilbros Oil Company (established 1971)	Choba –Port Harcourt
9	Orwell International Oil and Gas Ltd.	Plot 53 Trans-Amadi Industrial Layout Port Harcourt.
10	Delsigna Petroleum Company Ltd.	Plot 218 Trans-Amadi Port Harcourt
11	Je international limited (established in 2001)	Plot 7 Eastern Bye Pass Way Port Harcourt.
12	Cobs Engineering technology Ltd. Cobbs	No. 6 Chief Nwuke Street, Trans- Amadi Layout Port Harcourt
13	Bikline International Ltd.	97 Odani Road, Elelenwo Port Harcourt
14	Weam and Company Ltd. (established in 1985)	Plot 42C, Road 22 Federal Housing Estate (Agip) Rumueme, Port Harcourt
15	Aosorwell (established in 1986)	272 Trans-Amadi Industrial Layout, Port Harcourt.
16	Topline Limited (established in 1982)	Plot 40 Birabi Street (Ogionowo close) Port Harcourt
17	Japaul Oil and Maritime Services Plc.	Plot 39 Eastern By-pass Port Harcourt
18	AOS Orwell	272 Trans-Amadi Industrial Layout Port Harcourt.
19	Epic Atlantic Limited	Plot 212 Trans-Amadi Industrial layout, Port Harcourt
20	Aveon Offshore Limited (established 1999)	Eagle Cement Road, Rumuoluemini, Port Harcourt
21	Hall mark Global Petroleum Ltd. (established in 2002)	102 Igbo Etche Road Port Harcourt
22	Elogas Energy (established in 2009)	39 Alcon Road, Woji Port Harcourt
	Saipem Contradicting Nig Ltd. (established in 1974).	Aka Base, Rumuolumeni, Port Harcourt

Consequently, as a result of the success of the pioneer oil companies in oil exploration, other companies whose major activities are based on oil and gas came to invest in the oil rich state as shown in the table below:

### **Oil Industry and the Growth of Urbanization in Rivers State**

The activities of Oil Industry in Rivers State since its inception have generated series of arguments and agitations by the inhabitants of the region. Most people are of the view that environmental degradation and destruction of the ecosystem are their only fallouts of oil exploration companies. But against this, the paper argues that the increasing growth in River State among other things lies on the contributions of the oil industry.

Since the discovery of oil in the late 1950s, and the proliferation of oil industries in the state there has been high migration rate from other parts of the country and the world in general into the oil rich city (Rivers State). This is due to the fact that oil industry is capital intensive and requires exceptional skills to work in the oil fields. As the indigenous people cannot provide all the needed skilled manpower, the influx of migrants remains on the increase<sup>12</sup>. It is evident that the migration of people into the area result to high concentration of people which at the same time increases consumption rate.<sup>13</sup>

Urban push in the Niger Delta and Rivers State in particular through the oil industry also emanates from the rise in the internally generated revenue of the state. Report from National Bureau of Statistics on states Internally Generated Revenue (IGR) in Nigeria from 2011- 2015 reveals that Rivers State is the Second highest.<sup>14</sup>

The table is shown below:

Year	States	Amount per year (N billion)
2011	Lagos State	N202.76b
	Rivers State	N57.19b
	Delta State	N34.750b
2012	Lagos State	N219.2b
	Rivers State	N66. 28b
	Delta State	N45.506b
2013	Lagos State	N284, 259, 410, 959. 19
	Rivers State	N87, 914, 415, 268.80
	Delta State	N50, 208, 229, 989.91
2014	Lagos State	N276, 163, 978, 675.95
	Rivers State	N89, 112, 448
	Delta State	N42, 819, 209, 025.24
2015	Lagos State	N268, 224, 782, 435
	Rivers State	N82, 101, 298, 408
	Delta State	N40, 805, 656, 911

From the figures in the table above, it is explained that with the rise in the internally generated revenue of Rivers State which the oil industry contributes a greater percentage, Rivers State Government embarks on the provision of social infrastructures such as roads, water, hospitals, housing and education which promote urbanisation.

Similarly, the income or wealth of inhabitants is vital on the level of urbanization in a given area<sup>15</sup>. Based on this, oil companies/industries operating in the state create wealth through the provision of employment to both indigenes and non-indigenes. As employment increases people's income, there emerges changes in the living standard and lives are transformed from rural to that of urban. This, in other words support the view of Preston that;

*"areas having people of high income, all things being equal have fast rates of economic growth and greater growing cities"*<sup>16</sup>.

However, this confirms the relationship among oil industry, urbanization and development.

In Rivers State, agriculture remains at the subsistent level with very poor working conditions while employees in the oil industry enjoy improved working conditions. An example here is working in air-conditioned and well furnished offices in the oil industry. As agriculture in Rivers State lacks improved working conditions, many people prefer abandoning employment in the agricultural sector to employment in the oil industry for reason of improved working condition. This leads to rural-urban drift which also leads to urbanization<sup>17</sup>.

Also important to be mentioned here is that the Multi-National Oil Firms have helped in the transformation of their rural host communities into cities through the construction and maintenance of internal roads and bridges, building of schools, markets, provision of water and electricity. Examples of affected cities here include Igwuruta, Ahoada, Omoku, Elele and Rumuolumeni where internal roads have been maintained and electricity has been provided for the people by oil companies operating in the areas. Since improved infrastructures are indications of urbanization, oil firms such as Elf, Saipem, Shell Petroleum Development Company and Agip in addition built some block classrooms at Western Ahoada County High School, C.S.S. Rumuolumeni, C.S.S Rumuapara, C.S.S Elele and Commercial Comp. Sec. School Botem Tai. To meet the global challenges of Information Communication Technology (ICT), most of the schools are equipped with computers by the oil companies operating in these areas. With the provision of these facilities, many parents prefer sending their children to those schools for their secondary education. This further attracts small scale business men into those areas, thereby promoting urbanization.

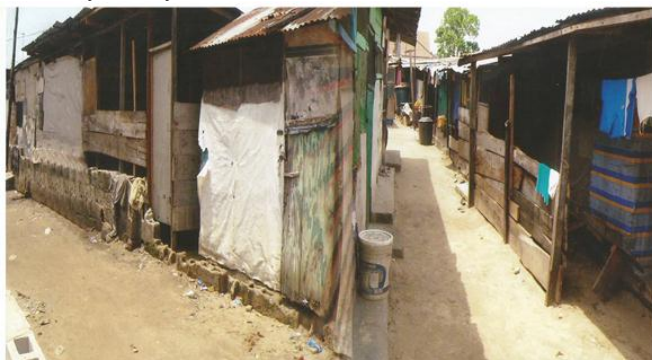
Administratively, urban growth has been on the increase following the proliferation of oil industry due to the presence of oil and gas in the State. As a result of its natural endowment, Rivers State is the district headquarters of Shell Petroleum Development Company and Agip Oil Company. This has led to the building of shell's residential areas at Rumukwurushi and the industrial areas at Rumuobiokani thereby promoting urban growth. At present, *Ngbosumini* is the district headquarters of Agip Oil Company. The presence of Agip Oil Company at *Ngbosumini* has made the company embark on road construction and electrification of the area which have aided urban development in the area. It is evident that with the presence of the Multinational Oil Companies in Rivers State in particular and Niger Delta in general are among places in Nigeria that have high number of international economic players. In the same vein, Onne and Alesa in Eleme Local Government Area have grown to become urban centers due to the presence of Petrol-Chemical Company and Nigeria National Petroleum Company (NNPC).

### **Social Implications of Urbanization in Rivers State**

Urbanization in Rivers State through the influence of Oil firms as discussed in the paper has various social implications on the life of the people.

The increasing rate of urban centres has increased accommodation problem. This has led to the establishment of slums due to poverty<sup>18</sup>. This is because as most migrants from the rural areas are illiterate and unskilled and as such they end up in an informal sector where their income is very low to afford good accommodation.

These slums and shanties become hideouts for criminals. With these shanties and slums, crimes rate such as prostitution, rape, armed robbery, cultism, kidnapping, militancy and cyber crime have been on the increase.



**Source:** Slums in Iwofe, Obio/Akpor L.G.A, Rivers State visited on the 16<sup>th</sup> March, 2016

Closely related to the above is high level of dependence on the elite working class. This arose from endless increase in the number of relations coming to settle with those who are gainfully employed. The result of this is that such people are placed in continuous financial challenges arising from increased expenses on the immediate and extended families.

As population explosion arises through urbanization, there is lack of proper planning and management of physical infrastructures and the urban environment. As cities continue to expand, there is serious pressure on the limited infrastructural facilities and this pressure does not allow them to last. This further increases government expenditure by trying to replace them.

Again, the high concentration of people in Rivers State has brought about the problem of garbage and waste disposal. This emanates from poor management of waste by the inhabitants who prefer dumping their refuse on the major roads as against the approved site. In some cases, the approved site is not properly managed, and this defaces the beauty of the environment as it remains air pollutants and becomes toxic to human health.



**Source:** Waste Dump site in Rumuolumeni Visited on the 16<sup>th</sup> March, 2016

As many people in the rural areas migrate into Port Harcourt in search of jobs in the oil industry, food production in the rural areas is drastically reduced. This also increases the demand of food in the urban area. As food production in the rural area is lower than the demand, prices of food increase. This also comes in as workers in the oil industry are ready to buy at any price with the petrol naira which leads to oil induced inflation which does not favour workers of the public sector.

However, rapid expansion of towns in Rivers State especially within Port Harcourt city, Obio/Akpor, Eleme, Ikwerre and Omoku are at the expense of destruction of forest and other natural environment.

In the process, farm lands are destroyed and rivers polluted. These therefore, destroy the indigenous means of livelihood<sup>19</sup>. Destruction of indigenous means of livelihood puts pressure on land which has led to several crises.

Also, among the social implications in most urban areas in the State is the proliferation of ethnic based associations by those who dwell in the urban areas. Examples include the Igbo, Ibibio, Efik, Idoma, Tiv, Hausa, Yoruba, Igala etc associations. Sometimes, most of these associations protect their ethnic interests against their host communities<sup>20</sup>. Again, it has also been observed that as a result of Urban growth there are emergence of illegal markets within Port Harcourt City and its environs<sup>21</sup>. The result of this is a regular increase in both vehicular and human traffic in the cities of Port Harcourt.

### Solutions to the Problems

As the focus of this paper explains the role of oil industry in urban growth in Rivers State, some possible remedies to the problems of urbanization are stated below.

\* Since employment opportunity in the multinationals remains the greatest push for migration into the state, oil industries operating in the state should endeavour to give at least forty percent employment chance to the host communities. This will reduce the number of non-indigenes migrating who the state for employment opportunities.

\* Diversification of economic activities should be encouraged rather than laying emphasis on oil economy. Through this measure agriculture will grow, there will be reduction in rural-urban drift and there will be increased food production in the rural area.

\* Upgrading informal settlements through the provision of integrated infrastructure and service that target the marginalized groups including the poor.

\* The Rivers State Waste management Authority should have an approved site for waste disposal in all major cities in the state. In addition, any of the filled sites within human habitation should properly be closed to avoid health hazard.

\* There should be a task force whose responsibility is to arrest and punish offenders of waste management law in the state.

\* The multinational oil firms on their own part should endeavour to build staff quarters in the local government headquarters of their host communities. The implementation of this can reduce population explosion in the city of Port Harcourt.

\* There should be an enabling legislation by legislators in the state to check incessant increase in the cost of living.

### Conclusion

The paper established that despite the negative perception of people against oil companies in Rivers State in the area of pollution or environmental degradation, destruction of aquatic lives and the ecosystem, they have since their inception contributed to the increasing rate of urbanization in the state. This is demonstrated by the high concentration of people searching for job in the rich oil state.

Also in the process of promoting urban growth, the multinationals in their activities contribute immensely in the economic, social and human development of the host areas. However, the paper also states that there are some social problems associated with urbanization brought about by the oil industry. The paper ends by recommending ways of solving the social problems caused by urbanization.

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