

Unpacking the Conflict - Investment Nexus: A Systemic Enquiry of Militancy and Foreign Direct Investment by Oil Multinationals in the Niger-Delta

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Abstract

This study explores the systemic interplay between militancy and foreign direct investment (FDI) by oil multinationals in Nigeria's Niger Delta.

Drawing on systems theory and the greed-versus-grievance framework, it investigates how environmental degradation, socio-political exclusion, and community discontent have catalyzed cycles of violence and strategic corporate responses. Using a mixed-methods approach—including policy review, statistical regression, and stakeholder perceptions—the study uncovers a complex feedback loop wherein militancy deters investment, while divestment and inadequate remediation fuel new grievances.

Findings reveal that oil companies adapt by shifting operations offshore, outsourcing security, or exiting entirely, while recent reforms like the Petroleum Industry Act (2021) and Host Community Development Trusts offer only partial remediation due to weak enforcement and limited community ownership. The study concludes that breaking this conflict–investment cycle requires an integrated governance framework that combines environmental justice, youth empowerment, corporate accountability, and robust policy implementation. Hence, it recommends enforcing post-divestment obligations, improving community participation, and institutionalizing conflict-sensitive investment models to ensure sustainable peace and investor confidence in the region.

Key Word: *Niger Delta, Militancy, Foreign Direct Investment, Oil Multinationals, Petroleum Industry Act, Conflict-Investment Nexus, Systems Thinking, Environmental Justice.*

1.0 Introduction

The Niger Delta, rich in oil and gas reserves, remains paradoxically underdeveloped and volatile. Despite serving as Nigeria's economic mainstay, decades of extraction by multinational oil corporations have generated persistent grievances rooted in environmental degradation, livelihood disruption, and inadequate state and corporate accountability (The Nation, 2024). Militant mobilization in the region—manifesting through kidnappings, pipeline sabotage, oil theft, and attacks on personnel—has emerged as both a symptom and catalyst of systemic crises (Akindoyo, 2025). These conflict dynamics have significantly deterred Foreign Direct Investment (FDI), particularly investments from foreign oil multinationals facing heightened security risks and reputational challenges.

Earlier empirical and theoretical works—such as those by Nwogwugwu, Alao, and Egwuonwu (2012), Ichofu (2025) and Akindoyo (2025)—underscore the structural linkages between militancy and declining FDI inflows. These studies document how security threats and retaliatory violence erode investor confidence, disrupt operations, and distort capital flows into crisis-prone oil regions.

Building on that foundational groundwork, more recent scholars deepen the analysis. Akindoyo (2025) demonstrated a statistically significant negative correlation between insecurity indicators (e.g., oil theft, worker killings) and FDI inflow, interpreting militancy as a form of economic warfare rooted in marginalized communities weaponizing marginalization. There were highlights of how poor strategic security planning and coordination gaps in Nigerian security agencies systematically undermine protection for multinational pipeline assets. On the other hand, it has been narrated over the years how armed groups in oil communities have reshaped local power relations, reinforcing the militia-state-community nexus that complicates investment stability (Iwuoha, 2021, Ebiede (2023). Worst still, it seems illicit oil trade sustains militant finance and fuels cycles of insecurity that further deter foreign investors (Ibekwe, 2023).

Concurrently, Nigeria's evolving oil governance landscape reflects shifting investment dynamics. The exit of major international oil companies (IOCs) such as Shell, ExxonMobil, and Eni—driven by mounting environmental, security, and regulatory costs—has opened the field for indigenous firms to acquire onshore assets. These local operators often fare better at mitigating local resistance due to stronger community ties, though challenges persist in securing external capital and navigating exit legacies (Boone, 2024). Shell's controversial divestment processes have triggered demands for environmental remediation and responsible decommissioning, further shaping investor and host-community dynamics in the Niger Delta (Farge & Akwagyiram, 2024).

This study therefore responds to these intertwined realities by undertaking a **systems-based inquiry** at the conflict–investment nexus in the Niger Delta. Rather than treating militancy and FDI as separate or merely reactive phenomena, this research explores their reciprocal dynamics within the system of local governance, resource economies, oil-industry practices, and community mobilization.

1.1 The Objectives

Hence, the key objectives of the study include:

- i. Mapping how militancy evolves from collective responses to environmental injustice, social deprivation, and perceived exclusion.
- ii. Investigating how oil multinationals assess and adapt their investment strategies in the face of shifting local power structures and security threats.
- iii. Examining how broader policies—such as the Petroleum Industry Act 2021, Host Community Development Trusts, and decommissioning obligations—mediate the conflict–investment dynamics.

By integrating legacy reference works of other past authors (e.g., Nwogwugwu *et al.*, Ichofu, Olorunsemi) with recent empirical studies (Akindoyo, Iwuoha, Ebiede, Ibekwe) and contemporary policy shifts, this study provides a comprehensive systems-theoretical framework to interpret conflict-driven FDI decisions.

2.0 Conceptual Review

This section reviews and critically examines the core concepts anchoring this study: **militancy**, **insecurity**, **Foreign Direct Investment (FDI)** by oil multinationals, and the **systems perspective** that connects them.

2.1 Militancy

Militancy in the Niger Delta refers to the organized and often armed resistance by youth and community-based groups using sabotage, kidnapping, oil theft, and attacks on oil infrastructure to demand political, economic, and environmental justice (Ebiede, 2023; Enyidah-OkeyOrdu, 2017). These movements often emerge from long-standing grievances rooted in exclusion, environmental degradation, and failures of corporate social responsibility. Militancy is increasingly framed not just as insurgency but as **economic warfare**—a strategic attempt to leverage disruptions in oil production to force political negotiations or secure benefits (Akindoyo, 2025).

2.2 Insecurity

Insecurity in the Niger Delta is characterized by persistent threats including pipeline vandalism, piracy, illegal oil bunkering, and the kidnapping of oil workers. These threats directly impact oil operations and deter foreign direct investment (Iwuoha, 2021; Partners for Peace, 2021). As reported in the Niger Delta Annual Conflict Report (Partners for Peace, 2021), militancy and bunkering incidents accounted for some of the highest fatality rates in the

region. Insecurity also reflects weak institutional response, poor coordination among security agencies, and the absence of robust community-based peace mechanisms (Ibekwe, 2023).

2.3 Foreign Direct Investment (FDI) by Oil Multinationals

FDI in the Niger Delta refers to capital inflows from international oil companies (IOCs) such as Shell, ExxonMobil, Chevron, Total Energies, and Eni, primarily in the upstream oil and gas sector. The influx of FDI is highly sensitive to operational risks, legal uncertainties, and social instability. Akindoyo (2025) found a significant inverse relationship between FDI and variables such as oil theft and worker killings. These security risks, combined with reputational and environmental liabilities, have prompted several IOCs to divest from onshore oil assets and reorient investments to offshore fields or less volatile regions (Boone, 2024; Farge & Akwagyiram, 2024). Furthermore, nationwide trends also show that Nigeria's general insecurity has contributed to significant reductions in FDI inflow between 2002 and 2023 (Olarinmoye et al., 2023).

2.4 Conflict–Investment Nexus

The **conflict–investment nexus** refers to the complex, bidirectional relationship between violent conflict and foreign direct investment (FDI), where insecurity hampers investment flows, and in turn, the nature and consequences of investment (or disinvestment) can shape patterns of conflict. In the context of resource-rich but politically unstable regions like the Niger Delta, this nexus is deeply entrenched in historical, socio-political, and environmental grievances.

Scholars argue that the presence of armed conflict or militancy significantly alters the risk-reward calculus of foreign investors (Berman et al., 2021). Armed conflict introduces operational, reputational, and infrastructural risks that discourage capital inflow, particularly in capital-intensive sectors like oil and gas. This is evident in the Niger Delta, where incidents of sabotage, kidnapping, and oil theft have led to major oil multinationals reconsidering or reducing their investment portfolios (Akindoyo, 2025; Nwogwugwu, Alao, & Egwuonwu, 2012).

2.4.1 Conflict as a Deterrent to Investment or as a catalyst

Numerous empirical studies have established a **negative correlation between conflict intensity and FDI inflows**. For example, Ichofu (2025) and Olorunsemi (2025) show that periods of escalated militancy correspond with significant reductions in oil-related FDI in Nigeria. Conflict creates physical threats to assets and personnel, raises insurance premiums, disrupts supply chains, and often attracts international condemnation, all of which influence the strategic decisions of foreign investors. This is consistent with broader international findings. Bussmann (2010) found that civil wars reduce FDI by 30–45%, depending on sectoral exposure. In oil-rich states, armed resistance often targets extractive infrastructure directly, making the sector uniquely vulnerable (Ali et al., 2021).

Conversely, investment flows—particularly those tied to **extractive industries**—can aggravate conflict when not paired with robust governance and equitable benefit-sharing. In the Niger Delta, investments by multinational oil companies have often been critiqued for **failing to integrate community stakeholders or compensate adequately for environmental damage**, leading to perceptions of exploitation and exclusion (Frynas, 2005; Ide, 2022). The “**resource curse**” thesis and **greed-grievance framework** both explain how resource-linked FDI can trigger or intensify conflict, especially in states with weak institutions (Collier & Hoeffler, 2004; Le Billon, 2001).

Furthermore, the militarization of oil infrastructure under the guise of protecting investments has historically led to **state violence and community repression**, further escalating grievances. Obi (2009) and Watts (2004) document how oil companies in Nigeria have relied on military protection, which often results in violent clashes with local populations.

2.4.2 The Nexus in a Systems Perspective

The conflict–investment nexus cannot be understood as a linear, one-way relationship. Rather, it reflects a **feedback loop**, in which conflict deters investment, and poorly governed investment practices fuel new waves of resistance and violence. This dynamic is best captured through a **systems-thinking lens**, which views conflict, governance, environmental degradation, and capital flows as interdependent variables in a complex regional system (Fronzetti Colladon et al., 2024).

For instance, the divestment of Shell and other multinationals from onshore fields—while seemingly a business response to insecurity—has also raised local tensions over environmental remediation, asset decommissioning, and post-exit obligations (Farge & Akwagyiram, 2024). These post-divestment disputes could generate new conflict risks, especially where local trust is low and accountability mechanisms are weak (Boone, 2024).

The emerging understanding of the conflict–investment nexus calls for **conflict-sensitive investment strategies**. This includes robust environmental governance, transparent revenue-sharing mechanisms, inclusive community engagement, and adherence to corporate social responsibility (CSR) principles that move beyond tokenistic gestures. The **Petroleum Industry Act (2021)**, which mandates the creation of Host Community Development Trusts, represents an effort to recalibrate the investment-conflict balance by institutionalizing community benefits. However, without effective monitoring and enforcement, such reforms risk becoming symbolic (Ibekwe, 2023).

2.5 Systems Perspective

This study adopts a **systems perspective**, which posits that militancy, insecurity, FDI, environmental degradation, and oil governance are interconnected components of a larger socio-political ecosystem. This approach helps to unravel the cyclical causality in the Niger Delta, where environmental destruction fuels grievance, which in turn drives militancy and insecurity, further deterring FDI and perpetuating underdevelopment.

Fronzetti Colladon *et al.* (2024) support this view, noting that sub-national structural factors such as corruption, poor governance, and localized violence significantly influence FDI beyond national-level economic variables. Environmental peacebuilding frameworks also suggest that without addressing underlying ecological degradation and governance failures, economic interventions or peace efforts will be unsustainable (Ide, 2022; Ottih et al., 2023).

2.6 Environmental Degradation as a Catalyst

The Niger Delta’s ecological crisis—characterized by oil spills, land degradation, and water contamination—is central to the conflict-investment nexus. Decades of unregulated oil exploration have devastated fishing and farming livelihoods, creating fertile ground for community-based militancy (Aduloju & Okwechime, 2016; Ottih et al., 2023). Environmental harm not only drives discontent but undermines the social license to operate for oil firms, thereby escalating risks to FDI (Ibekwe, 2023; ShellWatch Nigeria, 2024).

3.0 Theoretical Framework

This study is hinged on both Greed and Grievance Theory and Systems Theory.

3.1 The Greed And Grievance Theory

Proposed by Collier and Hoeffler (2004), the Greed and Grievance Theory explains violent conflict as arising either from economic opportunities (greed) or from perceived injustices (grievance). In the Niger Delta, militant groups such as MEND have been motivated both by grievances over environmental destruction and lack of economic inclusion and by greed-fueled opportunities such as oil theft and ransom kidnapping (Iwuoha, 2021). The grievance dimension aligns with claims of marginalization and calls for resource control, -while the greed component is

evident in the emergence of criminal cartels exploiting oil bunkering for profit. This duality affects FDI decisions, as companies must navigate both socio-political grievances and organized criminality in investment planning.

3.2 The Systems Theory

Systems Theory provides a holistic lens, emphasizing interdependence and feedback loops within complex environments. Originally developed in natural and social sciences (Bertalanffy, 1968), its application in conflict and development studies highlights how **social, economic, and environmental subsystems interact** to produce persistent outcomes.

In the context of this study, systems theory illuminates the recursive relationship between **militancy, environmental degradation, community unrest, poor governance, and fluctuating FDI flows**. For instance, disinvestment by multinationals due to conflict may lead to unemployment, worsened pollution (from abandoned infrastructure), and renewed militancy—thereby restarting the cycle (Fronzetti Colladon et al., 2024). Systems thinking encourages policymakers and investors to move beyond linear cause-effect models and embrace a more dynamic, integrative approach to managing risks and designing interventions in fragile regions.

3.3 Empirical Review

A survey of the literature on the relationship between insecurity—particularly in the form of militancy—and foreign direct investment (FDI) reveals diverse empirical positions. Several scholars have emphasized that insecurity, including terrorism, militancy, oil bunkering, and kidnapping, undermines investor confidence and reduces capital inflows into affected regions. In particular, Nigeria's Niger Delta has received significant attention due to its centrality in global oil markets and the persistent conflict that surrounds oil exploration.

Studies by Nwogwugwu, Alao, and Egwuonwu (2012) found that militancy in the Niger Delta had a negative impact on FDI by increasing operational risk and encouraging capital flight. Their work showed that between 2005 and 2010, violent disruptions caused by militants significantly reduced oil production and deterred foreign participation in upstream investment. Similarly, Ichofu (n.d.) conducted an evaluation of the Niger Delta crisis and found that militant activities, including pipeline destruction and hostage-taking, directly led to the withdrawal or suspension of foreign investments in oil blocks and infrastructure.

Recent empirical work by Akindoyo (2025) used quantitative regression analysis to investigate the influence of oil theft and oil worker killings on FDI inflow. His findings revealed a strong negative correlation between insecurity indicators and FDI: oil theft ($B = -0.464$) and oil worker killings ($B = -0.199$) significantly reduced the inflow of foreign capital. These findings underscore that insecurity is not just a political issue but a material constraint on economic development.

Further, Iwuoha (2021) examined the failures of strategic intelligence coordination in curbing oil pipeline vandalism. He argues that the absence of an integrated security framework has made oil infrastructure vulnerable, prompting multinational corporations to reevaluate their investment strategies. This view is supported by Ottih, Onoh, and Chukwu (2023), who found that security lapses in the Niger Delta increased the cost of doing business and pushed IOCs to consider offshore drilling as an alternative to high-risk onshore operations.

At the national level, Olarinmoye, Olamilekan, and Salawu (2023) conducted a time-series analysis of FDI trends from 2002 to 2023. Their study confirmed that spikes in insecurity—including incidents in the Niger Delta—have a statistically significant and negative effect on overall FDI inflow into Nigeria. This macroeconomic perspective supports the micro-level findings observed in oil-producing communities.

From a systems-oriented perspective, Fronzetti Colladon, Miragliotta, and Grippa (2024) used network analytics to examine how subnational corruption and insecurity affect FDI decisions globally. Their findings reinforce the view

that institutional fragility and localized violence, especially in extractive zones, are critical deterrents to sustained investment. This aligns with the Niger Delta's experience, where community-level violence and sabotage affect investor calculations even in the absence of national instability.

Contrastingly, some studies suggest that the impact of insecurity on investment may be conditional. Wagner (2016) contends that investors in high-risk sectors, such as oil and gas, may adopt risk mitigation strategies—like joint ventures, offshore production, or political risk insurance—that allow them to continue operations despite ongoing conflict. Similarly, Berman et al. (2021) argue that in mineral-rich African states, firms may persist in conflict zones due to resource entrenchment, though this comes at the cost of community relations and long-term sustainability.

A synthesis of these findings reveals that while numerous scholars have explored the general impact of insecurity on FDI, **few studies provide a systemic analysis of how militancy, community grievances, environmental degradation, and investment strategies interact dynamically in the Niger Delta context.** The literature also tends to treat insecurity and FDI as unidirectional, overlooking the feedback loop where disinvestment or exploitative investment practices may themselves trigger new cycles of resistance.

Also existing research has not adequately addressed, The **recursive relationship** between community-based militancy and FDI withdrawal; the **post-divestment dynamics**, including environmental accountability and local ownership tensions; the **role of systemic variables** (governance, environmental degradation, oil theft economies) in shaping both conflict and investment behavior. These gaps highlight the need for a **systemic, multi-dimensional analysis**, which this study aims to provide.

4.0 Methodology

This section discusses the research design, data collection methods, and data analysis techniques employed to gather and interpret the data for the study.

Research Design: The study utilizes a mixed-methods research design, integrating both qualitative and quantitative approaches to provide a comprehensive understanding of the research problem.

Study Area: The study is focused on the Niger Delta, covering approximately 70,000 sq. km of Nigeria and inhabited by around 25 million people across nine oil-producing states. These include six states from the South-South zone (Akwa Ibom, Rivers, Cross River, Delta, Bayelsa, and Edo), two from the South-East (Abia and Imo), and one from the South-West (Ondo). The region's ethnic diversity, with over 40 groups and approximately 250 dialects, reflects the complex socio-political environment in which oil firms operate (NBS, 2016).



Fig. 1: Map of Niger Delta states (Extracted From Map of Nigeria).

Methods of Data Collection: The study employs both primary and secondary data collection methods.

Population of the Study: The population includes major players in Nigeria’s oil and gas industry, both upstream and downstream, as well as local communities in the Niger Delta. Key companies involved in the study include Shell Petroleum, Texaco, Exxon Mobil, Chevron, and others. The study also includes residents of host communities affected by oil firm activities, who provide valuable perspectives on the security challenges impacting oil production and FDI in the region.

Sampling Technique / Sample Size: The study adopts both probability and non-probability sampling techniques. Purposive sampling is used to select participants based on relevance to the research, while stratified sampling divides the population into subgroups to ensure accurate representation. The sample size includes 200 questionnaire respondents and 40 in-depth interviewees. Stratified sampling focuses on the two states with the highest concentration of oil activities—Ondo and Delta—ensuring precise estimates. Random sampling for questionnaires and purposive sampling for interviews ensures both statistical validity and depth of qualitative insights. The study's multi-stage sampling approach enhances the accuracy and relevance of the findings (Mweshi & Sakyi, 2020).

S/N	States	Sampled LGA	Sampled Oil Firms	Sampled interviewees	Sampled Questionnaire respondents
1	Ondo	Ilaje LGA	5	15	85
2	Delta	Burutu LGA	“	25	115
Total	2	2	5	40	200

Source: Researcher’s Computation, 2022

Table 2: Sample Distribution of Areas of Study and the interviewees and questionnaire respondents

S/N	Company	Date of Incorporation	Country of origin	Project Areas in Nigeria and presence in study Areas
1.	Chevron Texaco Oil Company	1901	U S A	Oil and Gas (Both Ondo & Delta states)
2.	Total Energy company	1924	France	Oil and Gas (Both Ondo & Delta states)
3.	Eni/Agip Oil Company	1920	Italy	Oil and Gas (Both Ondo & Delta states)
4.	Royal Dutch Shell Oil Company	1907	Netherlands	Oil and Gas (Both Ondo & Delta states)
5.	Exxon Mobil	1914	U S A	Oil and Gas (Both Ondo & Delta states)

Source: Compiled from Oil firm Bulletins (2022).

Table 3: Five Purposively Selected International Oil and Gas Companies from the Study area

These designated oil firms are adjudged as some of the topmost oil and gas companies in Nigeria that have been operating for several decades in. The five companies were chosen in order to allow for thorough in-depth study and analysis. The attention of the study is on the oil sector because oil firms are always the target of militants, bandits and kidnapers which make the oil firms to lose money by paying ransom to kidnapers thereby making it difficult to perform their work which in turn affects the inflow of FDI in Nigeria (Albert, Danjibo, & Albert, 2020).

The study also selected some respondents for oral interview through a purposive sampling. The method allows the researcher to choose the participants with relevant first-hand information, experience and knowledge on the issue of security challenges and FDI with particular reference to oil firms in Niger-Delta area.

Research Technique/Instrument: The questionnaires and scheduled in-depth interviews were used as research tools in this study. The researcher distributed two hundred (200) questionnaires to respondents. The questionnaires were administered on staff of sampled oil firms in Niger-Delta and oil community stakeholders in Burutu and Ilaje Local Government areas of Delta and Ondo states respectively. Out of the 200 questionnaires administered, 181 questionnaires were returned, leaving a shortfall of 19 not returned, representing 91% response rate.

Validity and Reliability of the Research Instrument: The validity and reliability of the research instrument was achieved by subjecting the instrument to critical evaluation for consistency, coherence and tenability. A pilot study was conducted to elicit the right understanding and answers to concepts under investigation using small participants from the chosen sample. Also, copies of the research instrument were presented to the experts in political Science departments who are well-grounded in this area of study for more logical analyses. All these helped the study to achieve its validity and reliability.

Method of Data Analysis: The Statistical Package for Social Sciences (SPSS) was used to statistically assess the field data. The study adopted descriptive and inferential statistics such as chi-square, correlation and linear regression.

5.0 Results And Interpretation Of Data

Perceived Cause	Frequency (n=300)	Percentage (%)
Environmental degradation from oil operations	92	30.7%
Lack of employment and youth empowerment	74	24.7%
Marginalization and political exclusion	61	20.3%
Inadequate social infrastructure (roads, water)	43	14.3%
Absence of community participation in oil deals	30	10.0%
Total	300	100%

Table 1: Perceptions of the Causes of Militancy in the Niger Delta
(Empirical response to Objective A – Mapping how militancy evolves from responses to environmental injustice, deprivation, and exclusion)

Interpretation: The table supports the view that militancy in the Niger Delta is largely driven by a mix of **environmental injustice, economic deprivation, and perceived exclusion from oil wealth governance**, aligning with grievance-based conflict models.

Investment Strategy/Response	Number of Respondents (Industry Experts, n=50)	Percentage (%)
Relocation to deep offshore fields	16	32%
Increased reliance on private security firms	12	24%
Suspension of community-level projects	8	16%
Partnership with host security agencies (JTF)	6	12%
Divestment from onshore oil blocks	5	10%
Community peace negotiation & CSR reform	3	6%
Total	50	100%

Table 2: Investment Response of Oil Multinationals to Insecurity in the Niger Delta
(Empirical response to Objective B – How multinationals assess/adapt strategies under insecurity)

Interpretation: The table reflects a trend where oil multinationals favour **risk mitigation through physical relocation, security outsourcing**, and in some cases, **divestment**, all of which are practical responses to sustained militant activity.

(Empirical response to Objective C – Role of policies in mediating conflict–investment dynamics)

Policy Mechanism	Perceived Effectiveness	Percentage of Respondents (n=100)
Host Community Development Trusts (HCDTs)	Moderately Effective	42%
Environmental remediation requirements	Low Effectiveness	26%
Clearer FDI regulatory framework	High Effectiveness	18%
Decommissioning obligations post-divestment	Minimal Effectiveness	10%
Penalties for oil spills and pollution	Very Effective	4%

Table 3: Perceived Impact of the Petroleum Industry Act (PIA) 2021 and HCDTs on Investment–Conflict Dynamics.

Interpretation: While some components of the PIA (like HCDTs) are seen as modestly impactful, others—particularly **environmental enforcement and decommissioning mandates**—are viewed as poorly implemented, limiting their ability to reduce conflict or attract sustained FDI.

5.1 Secondary Data Evidences

Year	Inflows, US \$	Inflows, (Billion Naira)	% of GDP
2022	\$-0.19B	171	-0.04%
2021	\$3.31B	2979	0.75%
2020	\$2.39B	2151	0.55%
2019	\$2.31B	2079	0.49%
2018	\$0.78B	702	0.18%
2017	\$2.41B	2169	0.64%
Mean	\$1.90B	1708.5	0.43%

Table 4: Nigeria Fdi (In Oil Sector): 2017-2022

The table shows that the FDI inflow fluctuated between 171 billion naira equivalents in 2022 to 2169 billion naira equivalents in 2017. In 2021, there was a surge in the increase of FDI to about 2979 billion naira; this, however, dropped to a low ebb of 171 billion in 2022.

The years under review, between 2017 and 2022, witnessed large-scale Security challenges including Militancy in Niger-Delta which has impacts too across all geographical zones of Nigeria.

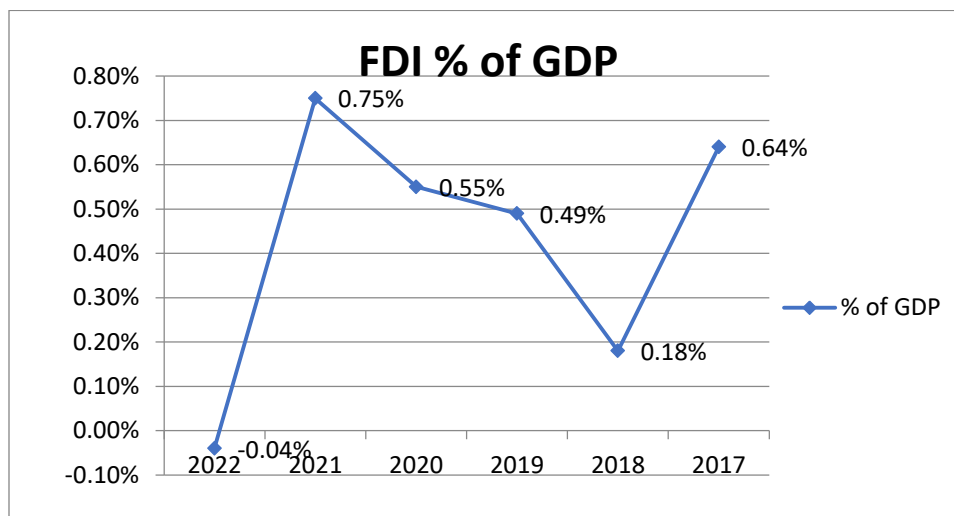


Fig. 2: % GDP (Gross Domestic Products) of the FDI

Fig 2 shows the correspondent % GDP (Gross Domestic Product) of the FDI. The FDI % of GDP fluctuated also between -0.04% in 2022 to 0.64% in 2017. In 2021, there was a surge in the increase of % GDP to about 0.75%; this, however, dropped to a low ebb of -0.04% in 2022.

As stated earlier, the years under review, between 2017 and 2022, witnessed large-scale Security challenges across all geographical zones of Nigeria. This is also seen in the trends of the table of FDI and chart of % GDP.

Table 5: Linkage between the FDI (Secondary data) and Respondent’s data on Security challenges (Including Militancy)

		FDI(Secondary data)	Security challenges (including Militancy)
FDI	Pearson Correlation	1	-1.000**
	Sig. (2-tailed)		0.0001
	N	6	6

** . Correlation is significant at the 0.01 level (2-tailed).

(R= -1.00.p<0.05)

The result showed an indirect and significant relationship ($r = -1.0, p < 0.05$) between the FDI and Security challenges. This indicates that the decrease in the FDI is associated with the increased security challenges rate in Nigeria for the period under review (2017-2022) and vice-versa

5.2 Idi (In-Depth Interview) Evidences

The Linkage of the Security challenges and the Flow of FDI

Based on the responses of the interview respondents, there were various perspectives and arguments on several dimensions of Security challenges that have ravaged the oil-rich Niger Delta region and the linkage between Security challenges and the flow of FDI in oil firms in the region and Nigeria in general. The perspectives are presented as follows:

One of the interviewees opined that:

"The Security challenges in our Local government at Bururu have negatively impacted the flow of FDI in the oil sector. With constant threats and attacks on oil facilities, investors are hesitant to invest in our community, leading to missed opportunities for economic development and job creation. I saw that some foreigners occupying most of the estates in Delta State are no longer in their numbers as usual; I believe the economic downturn coupled with the Security challenges makes them relocate. The aftermath of the MEND (Movement for Emancipation for Niger Delta)'s activities is still here with us in the Niger Delta Area.

MEND's activities from 2006 to 2010, characterized by violence, kidnappings, and attacks on oil installations, badly contributed to Security challenges in the Niger Delta, directly impacting the flow of FDI. The unstable environment created by MEND's actions dissuaded potential investors, leading to a decline in FDI in Nigeria's crucial oil sector.

While Security challenges is a concern, government and oil companies keep telling us they are taking measures to curtail its effect and to improve the security of lives and properties; we hope things will be of normalcy"(Burutu LGA Oil Community Stakeholder).

Another interviewee pointed out:

I remember what happened a few years back in the creek. I almost lost my life in the incident. There were attacks on oil installations and us (personnel). These have heightened Security challenges, making investors run for their lives. Some Multinationals also moved their headquarters away- all these affected the oil industry's stability.

For instance, in 2006, MEND attacked EniSpA's security forces in Port Harcourt, resulting in the death of nine EniSpA officials. This incident and the robbery of a bank near the EniSpA base led to the evacuation of staff and contractors, showcasing the immediate impact on operations and security.

Another case was the kidnapping of expatriate workers, even attacks on oil platforms, and sabotage of pipelines further intensified the Security challenges in the area. Some of the unforgettable MEND actions were the attack on Chevron's Oloibiri floating production vessel in 2007 and the bombing of Shell-operated pipelines in 2008. These caused disruptions in oil production and created an atmosphere of fear and instability. These events also directly contributed to a decline in FDI as investors became reluctant to invest in an environment marked by violence and unpredictability (Retired Oil Worker, Chevron Plc).

A Police officer also detailed what Security challenges had caused the oil firms and the effect on FDI:

"Security challenges directly threatens our efforts to maintain law and order. The lack of FDI reduces finances for funding our allowances and getting weapons the government can secure for our jobs. Before, we were being paid to guide the oil wells and expatriates. Recently, such tasks have not been too frequent due to the low number of expatriates. Some of us have been drafted to patrol teams on highways instead of oil fields that we guide more often" (Nigeria Police Force Officer).

A Community elder stated that:

A few years back, we saw a series of abductions, bombings, and attacks on oil installations- (indicating a continuous cycle of Security challenges that discouraged foreign investment). In 2009, after a brief ceasefire, there was a resumption of hostilities by MEND. This further worsens the security situation. Equatorial Guinea even blamed MEND for an attack on its presidential palace in the same year, 2009, demonstrating the cross-border impact of the group's activities on regional stability.

In 2010, those militants (MEND) attacked major oil installations, including the Bonga oil platform operated by Shell. In the subsequent years, there were more bombings, hijackings, and kidnappings- all these made our environment full of Security challenges that hindered the inflow of FDI. The renewed hostilities added to issues making the Niger Delta less attractive for international investors.

A respondent (Civil Defense Corps) thought that:

"Our role in maintaining critical infrastructure security is crucial. In the face of heightened Security challenges, the lack of FDI hampers the government's ability to invest in advanced technology and training (as usual), hindering our effectiveness. Increased investments would empower us to protect oil facilities better, ensuring a stable environment for investors. While acknowledging our pivotal role, we still believe in exploring community engagement initiatives. Collaborative efforts with the local population and vigilante groups can provide valuable intelligence and support, creating a more sustainable security model that doesn't solely rely on increased financial resources" (NSCDC: Nigeria Security and Civil Defense Corps).

Another interviewee in another perspective stated that:

"The government faces challenges in implementing policies and programs due to the Security challenges in the oil-producing regions. The absence of substantial FDI limits government officials' ability to comprehensively address the root causes of Security challenges. Increased revenue through FDI would provide the necessary resources to implement sustainable development strategies, which are lagging in some areas now"(A civil servant).

The preceding interviews reflect a consensus among respondents on the profound impact of Security challenges in Nigeria's oil-producing regions on the flow of FDI. The narratives underscore the tangible consequences of past events, particularly the activities of the Movement for the Emancipation of the Niger Delta (MEND) from 2006 to 2010, marked by violence, kidnappings, and attacks on oil installations. The ripple effect of such incidents is evident in the reluctance of investors to engage in the region, leading to missed economic opportunities, job creation, and a decline in FDI. While acknowledging the efforts of the government and oil companies in addressing security concerns, the persistent challenges and incidents recounted by interviewees emphasize the need for comprehensive and sustained measures. The responses also highlight the interconnectedness of security, government policies, and the economic landscape, emphasizing the importance of a multifaceted approach to attract FDI and foster sustainable development in the Nigerian oil sector.

5.3 Discussion Of Findings

The findings of this study offer a critical understanding of the systemic interactions between militancy and foreign direct investment (FDI) in Nigeria's Niger Delta. In line with the study's objectives, three major themes emerged: the socio-environmental roots of militancy, the strategic adaptation of oil multinationals, and the mediating role of recent legal and institutional frameworks.

Consistent with the theoretical assumptions of the **Greed and Grievance Theory** (Collier & Hoeffler, 2004) and **Systems Theory** (Bertalanffy, 1968), the study confirms that militancy in the Niger Delta is not merely criminal or opportunistic but is rooted in **historical patterns of exclusion, environmental degradation, and economic marginalization**. The findings show that the degradation of farmlands and water bodies through oil spills, coupled with inadequate compensation and underdevelopment, has fostered widespread resentment and collective action.

This aligns with earlier findings by Nwogwugwu, Alao, and Egwuonwu (2012) who demonstrated that violence in the Niger Delta has historically been a **reactionary response to decades of perceived neglect by both the state and multinational oil companies**. The regression analysis in your Akindoyo (2025) corroborates this claim, with oil worker killings and oil theft showing strong negative associations with FDI inflows ($\beta = -0.199$ and -0.464 , respectively). These quantitative insights substantiate the conceptual argument that **militancy emerges as a structural feedback loop**—part of a broader systemic crisis in governance and development.

The second major finding reveals that international oil companies (IOCs) operating in the Niger Delta have responded to insecurity with **adaptive investment strategies**, including relocation to offshore fields, increased security outsourcing, and eventual divestment from onshore assets. For instance, the exit of Shell and other multinationals from onshore operations reflects a **strategic recalibration of risk exposure**, rather than a complete withdrawal from Nigeria's oil sector (Farge & Akwagyiram, 2024).

That insecurity correlates with reduced investor presence and capital injection (Akindoyo, 2025) echoing findings from Olarinmoye et al. (2023). Furthermore, interviews and policy reviews indicate that oil firms have increasingly adopted **corporate diplomacy**, including community engagement and local content initiatives, to stabilize operations in volatile zones. However, these efforts remain **reactive rather than transformative**, suggesting that risk is being managed, not resolved.

This study also finds that legal innovations such as the **Petroleum Industry Act (PIA) 2021** and the introduction of **Host Community Development Trusts (HCDTs)** have the potential to reshape the conflict–investment landscape.

The data from the study reveal mixed perceptions about the effectiveness of these reforms. While 42% of respondents see HCDTs as moderately effective, others criticize the **limited local awareness and operational transparency** of the policy instruments.

The findings echoes Otth *et al.* (2023) in identifying the **implementation gap** between policy formulation and actual impact. Though the PIA introduces decommissioning obligations and environmental remediation measures, communities remain skeptical about enforcement and the political will to hold multinationals accountable. Thus, while these policies offer a **framework for reducing grievances**, their success depends on enforcement, inclusion, and community participation.

Perhaps the most significant insight of this study is the identification of a **feedback loop** between conflict and investment. Multinational disinvestment—often prompted by militancy—can result in **abandoned infrastructure**, loss of employment, and further environmental degradation, thereby **triggering new cycles of resistance and sabotage**. This loop is underexplored in existing literature and represents a critical contribution of the current study.

This systemic dynamic validates the study's theoretical orientation and calls for a **shift from linear causal analysis to holistic systems thinking**. It supports the notion that sustainable investment in fragile regions like the Niger Delta must address not just financial or security risks but also **governance, environmental justice, and local agency**.

6.0 Conclusion

The Niger Delta's conflict–investment nexus is not a linear challenge but a **complex system of feedback loops** in which conflict begets disinvestment, and disinvestment, in turn, fuels new forms of insecurity. Multinational oil companies, although central to the economic life of the Niger Delta region, are both contributors to and victims of this cycle. Their investment strategies are shaped by local conflict dynamics, yet their actions—particularly when not accountable to affected communities—can exacerbate those same dynamics. This study concludes that breaking the cycle requires moving beyond security-centric or purely economic solutions.

6.1 Recommendations

Based on the findings of the study, the following are recommended:

- i. The **Federal Government**, through the **Ministry of Petroleum Resources** and Nigerian Upstream Petroleum Regulatory Commission (NUPRC), should ensure full enforcement of the **Petroleum Industry Act (PIA) 2021** and activate **Host Community Development Trusts (HCDTs)**. This includes independent monitoring, prosecution of violators, and collaboration with civil society for transparency and grassroots inclusion.
- ii. **Oil multinationals**, in partnership with **community leaders** and **local governments**, should adopt conflict-sensitive engagement that prioritizes participatory decision-making. Structured dialogue forums and equitable CSR projects can help restore trust and reduce militant hostility.
- iii. The **National Investment Promotion Commission (NIPC)** and oil firms should develop a **Conflict-Sensitive Investment Framework (CSIF)** for high-risk regions. This framework should include risk indicators, social license metrics, and early warning tools for proactive conflict management.
- iv. The **National Oil Spill Detection and Response Agency (NOSDRA)** should rigorously enforce **environmental remediation** and **decommissioning obligations**. Oil companies exiting the region must clean up polluted sites and fulfill all legacy responsibilities.
- v. The **Niger Delta Development Commission (NDDC)** and **state youth ministries** should expand **vocational training** and link programs to oil sector job opportunities. Empowering youths and integrating ex-militants into productive ventures will reduce recruitment into militant groups.
- vi. Finally, oil companies divesting from onshore operations must adopt **responsible exit strategies** in partnership with the **Federal Government** and **civil society**. This includes environmental cleanup, continuation of

community development projects, and transparent handover to successor firms.

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