

# PIRATES, SMUGGLERS AND CORRUPT TYCOONS SOCIAL BANDITS IN AFRICA



# Investigative Team 2011



**Christophe T. E. Assogba Degbe** is editor of the daily newspaper 'La Nouvelle Gazette', published in Benin since 2009. His investigative exposés around corruption, financial crime and human rights violations have won a number of West African media awards. In 2010, Assogba also won a FAIR Grant to investigate reasons for the continuation of child-

hood marriage and female genital mutilation in Benin.



**Theophilus Abbah** is the Editor of *Sunday Trust*, a national investigative weekly publication with headquarters in the Nigerian capital Abuja. In 2009, Abbah published a FAIR grant investigation into the use of debt relief funds made available to Nigeria by Paris and London Clubs. In the same year he won the FAIR Editors' Courage Award for his publication

– in spite of pressures and threats – of a revealing investigation into political dynasties in Nigeria.



**Mohamed Kadir** is a pen name for the reporter who wrote this story. 'Kadir', a professional FAIR member, has been threatened by pirates as well as by individuals who objected to his allegations that businesses in Kenya are financed by piracy. As a result of the threats, Kadir has chosen to operate under an alias for now.



Originally from the Netherlands, **Evelyn Groenink** took up residence in South Africa in 1990. She has published numerous investigations into arms trade between European countries and the southern African region. Groenink was instrumental in the foundation of FAIR and has worked as its managing director since 2005.



A veteran investigative journalist and journalism trainer from Zimbabwe, **Charles Rukuni** is FAIR's investigative project manager and peer mentor. His exposés have ranged from government programmes gone wrong to diamond smuggling. On the side, Rukuni still edits *The Insider*, Zimbabwe's only investigative newsletter.

## About the Forum for African Investigative Reporters (FAIR)

The Forum for African Investigative Reporters (FAIR) is a professional association of investigative journalists in Africa. Its mission is to enhance, deepen and build investigative journalism as a profession throughout the continent.

FAIR was established in May 2003 by investigative journalists from six African countries on the basis of the awareness that, firstly, investigative journalists have a vital role to play to enhance the African public's right to information about all matters of social development and social justice; and, secondly, that African investigative journalists at present face many obstacles, ranging from lack of encouragement and low pay to life-threatening situations.

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- Independence from undue editorial pressure, physical threats and constraints on time and resources;
- Access to information and information resources as well as to training and career development opportunities;
- Support through peer networking, advice and solidarity; through media legal defence funds and trauma counselling where necessary.

FAIR works to achieve its goals through:

- Professional support for African investigative journalists;
- Provision of resources and networking services for African investigative journalists;
- Facilitating cross-border partnerships in investigative stories throughout Africa;

- Facilitating access to information on Africa archived internationally, as well as access to a network of internationally based colleagues;
- Initiatives to support aspiring African investigative journalists through training and placement;
- Support for, and promotion of, methods of best practice in African investigative journalism

The FAIR network now counts 180+ members in 35 African countries. This is FAIR's fourth Transnational Investigation.

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# Pirates, smugglers and corrupt tycoons

Social bandits in Africa

"For in early times the Hellenes and the barbarians of the coast and islands, as communication by sea became more common, were tempted to turn pirates, under the conduct of their most powerful men; the motives being to serve their own cupidity and to support the needy. They would fall upon a town unprotected by walls, and consisting of a mere collection of villages, and would plunder it; indeed, this came to be the main source of their livelihood, no disgrace being yet attached to such an achievement, but even some glory. An illustration of this is furnished by the honour with which some of the inhabitants of the continent still regard a successful marauder, and by the question we find the old poets everywhere representing the people as asking of voyagers – 'Are they pirates?' – as if those who are asked the question would have no idea of disclaiming the imputation, or their interrogators of reproaching them for it."

– Thucydides, *The Peloponnesian Wars*, 431 BC

## Introduction

In the eyes of the international justice system and the world, the pirates of Somalia are criminal outcasts. However, to a majority in the communities in their home bases they are heroes, bringing food to families that would otherwise be starving. They are praised for providing jobs and developing towns not only in Somalia, but even in neighbouring Kenya. The pirates, when asked, say they see themselves as taking what is rightfully theirs, especially now that foreign ships have emptied their coastal waters of fish. 'Coast guards', they call themselves, meaning that they fill a void that should normally be filled by government.

Pirates are not the only 'criminal do-gooders' in Africa. In 2010, FAIR investigated 'illegal' development in Benin, Nigeria, Somalia and Kenya. Case studies included the pirates, their money channels into Kenya, petrol smugglers in Benin, a corrupt tycoon developing his hometown in Nigeria, and Nigerian oil rebels. Among the findings:

- Space for 'extralegal entrepreneurship' opens up when states are weak or perceived to be useless to the citizenry
- Income from pirates in Somalia could be as high as three times the entire Somali Puntland government's budget, and smuggler-fuelled informal trade in Benin accounts for 70–80% of the economy
- A weak state that cannot use its budgets to implement services and development encourages looting by entrepreneurial individuals and groups, who loot either from outside sources (example: pirates) or from state budgets (example: corrupt tycoons)
- The majority of those in communities who are 'serviced' by corrupt tycoons, illegal bands and syndicates rather than by government, start feeling loyalty towards the 'extralegal' strong men, seeing them as genuine leaders
- Strong-man rule, however, also excludes democratic practice and instills fear: this is the other side of the 'criminal development' coin
- States can do little about the syndicates since they themselves are infiltrated by them: law and order talk from governments is often mere window dressing
- Illegal money circulation damage the economies of nearby, more stable, state frameworks.

Criminal or extralegal networks are seen to bring development where governments and state structures fail, even when, as in the case of Nigerian oil rebels, these networks have less money at their disposal than the states.

## Flashy homes and booming businesses in Puntland

"Whenever we hijack ships, we re-stock on essentials like food. We buy goats for meat and *khat* [a mildly narcotic herb that is chewed – pronounced 'chat'] from the resi-

dents. We pump money into the region's economy. How else are the people here going to survive? All the fish in our sea have gone," says proud pirate Abdullah Abdi of Eyl, a small coastal town in the semi-autonomous region of Puntland in Somalia.

Abdi is one of the estimated 1500 pirates who have been criss-crossing the busy Indian Ocean shipping lanes and the Gulf of Aden which connects the Red Sea to the Indian Ocean. The young men, some of them former fishermen, but also many who used to work as bodyguards and militias for Somalia's many warlords and politicians, have captured dozens of vessels and hundreds of hostages, earning millions of dollars in ransom.

It is difficult to establish the exact amount of money paid by shipping companies as ransom to pirates. On 6 November 2010, international news agencies reported that Somali pirates had released the South Korean oil tanker, *Samho Dream*, after payment of a ransom of US\$ 9.5 million. The tanker was hijacked in April and was carrying more than two million barrels of crude oil that was being transported from Iraq to the United States.

According to the World Peace Foundation – an international think-tank bringing together scholars, diplomats, lawyers, military officers and maritime partners, working on an initiative to combat piracy – the shipping industry is losing more than US\$ 100 million a year through hijackings.

The losses from ransom alone – the net pirate income – could amount to half or more of that amount. Local sources told FAIR that one band of pirates, the father-and-son empire of Mohamed Hassan 'Afweyne' and Abdikadir Abdi that operates from central Somalia, hijacked seven ships in 2009 alone. (The sources were able to name five of the ships and the dates: the passenger cruise *Ship Indian Ocean Explorer* (2 April 2009), the bulk carrier *Ariana* (2 May 2009), the fishing vessel *Alakrana* (2 October 2009), the container ship *Kota Wajar* (15 October 2009) and the bulk carrier *Xin Hai* (19 October 2009).)

If ransom payments, as is estimated, vary between US\$ 100 000 and US\$ 10 million, with an average of US\$ 1 million per ransom, then the amount paid in ransom to this band of pirates in 2009 alone could be as high as US\$ 7 million. According to observers such as the UN Monitoring Group on Piracy, there are at least seven such syndicates, bringing FAIR's estimate of the possible yearly profits from piracy in Somalia up to nearly US\$ 50 million.

In comparison: development aid projects in Somalia in 2009 by the UK and the US in the field of employment cre-

ation, agriculture and livestock, amounted to no more than US\$ 5 million and the total Puntland government budget in the same year amounted to US\$ 17.6 million.

Again, according to the UN Monitoring Group, the pirate syndicates roaming the Somali coastline can roughly be divided into two main groups. The one is from central Somalia's two infamous piracy hubs, Xarardhere and Hobyo. This region is home to 'Afweyne' and his son. The other main group operates from Puntland in the north-eastern part of Somalia.

'Pirate economics' are so powerful in Puntland that it is fast becoming a criminal state. The government of President Abdirahman Mohamed 'Faroole', instead of fighting piracy and developing his region and country, has started to share in pirates' earnings. According to the UN Monitoring Group, senior Puntland officials, including President Faroole himself and members of his cabinet (notably the minister for interior General Abdullahi Ahmed Jama and the minister for internal security, General Abdillahi Sa'iid Samatar), have received proceeds from piracy and kidnappings. The Monitoring Group said in its 10 March 2010 report that "over 30% of ransom payment was retained by Puntland government officials".

Developments based on pirates' earnings are evident in towns like Eyl, a village that once used to live off fishing. Now that the fish are gone, Eyl's sandy beaches, adorned with abandoned wooden fishing boats, are ringed with dozens of flashy homes for the newly rich.

A quick survey shows how his fellow townsfolk appreciate Abdi and his colleagues. Zeynab Abdi (no relation), a frail 58-year-old who takes care of her four grandchildren orphaned in Somalia's decades-long civil war, says her life is better now that pirates take care of her and her family. "When they get money, I can feed my children. That which comes from pirates is my lifeline."

Zeynab is especially fond of pirates Mohamed and Farole, who "help her mostly" with regular rice, beans and powder milk rations, even though she is not a close relative of theirs. "They give me all this every time they are paid a ransom. I and my grandchildren are comfortable. Piracy is the buttered side of our bread," she nods. Going round the neighbourhood to find news about newly hijacked ships is now part of Zeynab Abdi's morning routine, after prayers.

A few streets away, grocer Sugale Dahir is also full of praise for the pirates. "There are many shops now and business is booming. Internet cafés and telephone bureaus have opened, and people in this area are happier than they were before piracy started."

Ahmed Ali Ahmed, a micro-economist and a businessman who runs several schools and media houses in Somalia, has noted that houses are shooting up where there were none. “[Pirates] are fond of building big houses, if it should cost only US\$ 30 000 these people easily invest US\$ 60 000 to get the same thing, because they don’t care. I have heard that they have started building houses even in Mogadishu. The contractors benefit, they are the ones who supply them (the pirates) with alcohol and *khat*.”

Twenty-six-year-old Anab Farah’s business is also booming, but in her case in a very special way: the young divorcee is caterer of choice for the hostages the pirates hold in various locations. Farah prepares the three daily meals for the hostages, handing them over to the hostages’ guardians as take aways. She also sells them *khat*. (Thanks to the pirates’ business, the price of a kilogram of *khat* has gone up to US\$ 66, compared to US\$ 18 in other parts of Somalia.)

“The pirates are important to my work. Many days, I earn the equivalent of 400 American dollars. It feeds my family and I am planning to buy a car very soon,” says Farah, before breaking into a song that is popular in Eyl these days: “*Ya kale, ya kale oo Somalidu dandeeda kafinkara oo aan aheyn burcaat badhet*” it goes, meaning “Who else thinks about our plight, as Somalis, other than the pirates”.



Micro-economist, Ahmed Ali Ahmed

### The strong man can kill you

Being helped by pirates is one side of the coin; living under ‘strong-man rule’ is another. Twenty-four-year-old Fatuma Mohamed, who is originally from Djibouti, married her Eyl fisherman husband before she knew he had become involved in piracy. She now feels imprisoned in a nightmare. “One night after we got married, I talked of piracy, and he asked me what my view on it was. I condemned it. I said neither our religion nor our culture allows it. He stayed silent.”

It is, however, clear to Fatuma where the food on the table, the school fees for the children and her abundant gold jewellery are coming from, and she hates it. “I would like to run away, but he would kill me,” she sighs, “this man is not scared of anybody.”

In contrast, 15-year-old pirate wife, Halima Hassan, is grateful. “The pirates are coast guards. Foreign ships have littered, polluted and depleted fish in our waters for ages. Somebody must guard them for us,” she says. Halima has a point: pirates are bringing some benefit to the region – including neighbouring Kenya – in the form of fish stocks, which are returning to the East African coastal waters now that pirates are scaring off foreign commercial fishing trawlers. “Kenya fishermen see upside to pirates” headlined the Associated Press news agency in January 2010. The agency quoted the director of the local Kenyan Maritime Association as well as the CEO of a Kenyan fisheries company, both of whom stated that fishing stocks went up ‘enormously’ during 2009. Both also agreed that this was most probably thanks to the absence of commercial fishing by foreign trawlers, which no longer frequent these waters because of pirates.

Halima Hassan has recently been married to an old pirate, Mr Hassan, who is 70. The marriage was arranged and the age difference alone would be a formidable deterrent to most other young girls. Not, however, to Halima. This may have something to do with the fact that she now lives in a distinguished-looking grey villa, built on spacious grounds, with a front door imprinted with blue and green leaf paintings, and surrounded by an immaculate lawn and indigenous trees. The interior is expensively decorated with Somali traditional carvings and patterns, and the scent of perfume is everywhere. Compared to the tin shacks that dot this area this is a palace and Halima, adorned in a shimmering golden outfit, is its princess. Halima gladly guards and cares for the tools of the trade that her husband keeps in the house: several rocket launchers, AK47 rifles, automatic machine guns, grenades and pistols.



"This is how I get bread on my table," she says, wiping an AK47. "My parents have no money and I have no education. Without this, I wouldn't eat. Thanks to this, I have so much." As an illustration, she points through the window at the parked cars outside: two four-wheel drive Toyota Prados, one blue and one silver.

Though many young girls are not happy being married off without their consent, the practice is quite common in Somalia. As in other poor countries, arranged marriage is mainly driven by poverty. "The dire situation in our country has led families to sell off their daughters at increasingly early ages. They'll let them go for anything," says a local journalist who has written many reports about the practice. But, though the practice remains abhorrent to him and to many other progressives in Somalia, circumstances have changed somewhat.

Before piracy a girl would often be married off to a man barely less poor than her own family, and poverty would largely remain the status quo. Nowadays, dowries for some families – especially those who have beautiful daughters – have increased considerably. Says an Eyl elder, who asked to remain anonymous: "I've been called upon many times to facilitate negotiations between pirates and parents. The pirates bring with them beautiful garments, gold-coated walking sticks, perfumes, camels, valuable artifacts and money." The elder is concerned about this. Though he has no problem with arranged marriages per se, he feels that the vulgar "beauty-for-money" practice has "killed the moral fabric" of society in the region.

### **'Little Mogadishu' in Kenya**

Abdilkadir Issa, thanks to piracy, can keep his two daughters in school. He doesn't have to worry about marrying them off or continuing to feed them, since his job as a salesman in a large electronics shop owned by a pirate pays him well. "My salary helps me to care for my children and I am thankful to the owner despite his profession," Issa says.

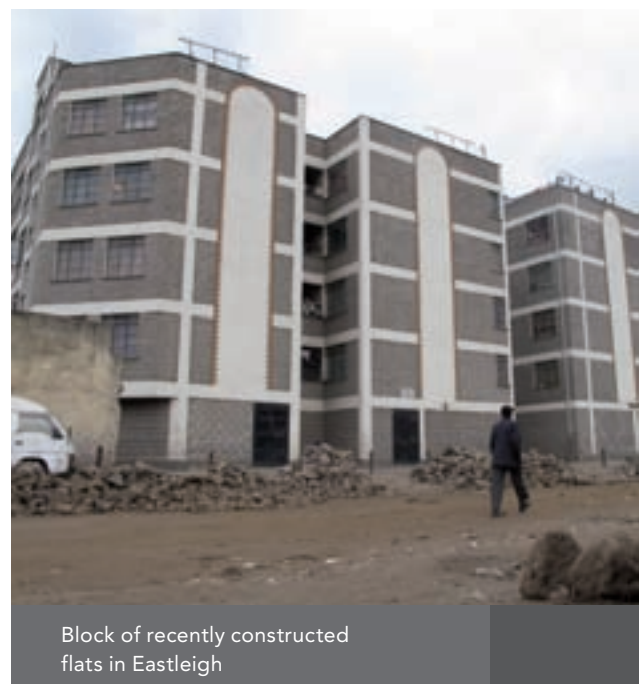
The electronics shop is not in Eyl, but in the Somali neighbourhood of Eastleigh in neighbouring Kenya's capital, Nairobi. It provides employment for 15 other workers. A huge number of high-rise buildings have recently sprung up in Eastleigh, now nicknamed 'Little Mogadishu', after the capital of Somalia. Eastleigh is the favourite suburb for Somalis who live in Nairobi, some of them refugees from Somalia.

"Hundreds of youths are employed in the construction business here. They are now busy constructing a building of nine floors, a project that employs 25 people," says

Eastleigh businessman Ibrahim Abey. Issa's electronics shop is part of one of the new complexes. Other flourishing businesses in this particular building include a ladies' clothing shop and a foreign exchange bureau.

The Eastleigh Business Community, a coalition of Somali businessmen in Kenya, says it is not aware of any investments by pirates in Eastleigh. The association states that its members "have what it takes to run a business just like any other person in Kenya" and that they would welcome any government investigation "as long as it [was] not biased against them". Some of those employed in the neighbourhood, however, talk openly about their patrons. "I know that my boss is a pirate, but that's not my problem. I don't kill anybody, I sweat to earn my salary and dividends," says a Kenyan man who fronts for a powerful pirate as the official manager of a petrol station in Eastleigh. The pirate can't legally run a business or a bank account in Kenya so, like many others, he finds a friendly Kenyan to do it for him. "The investor told me to make money for him," this manager says. "That, as he earns more, I'll also grow."

Likewise, Abdilkadir Issa has no problem admitting that his electronics shop is a result of pirate investment. Sometimes, Issa confesses, he even feels like joining his employer in piracy, but then he thinks again. He is in fact scared to die, he has to answer when he is asked that question by the many recruiters of pirates that canvass Nairobi's Eastleigh suburb.



A report by the World Peace Foundation claims that Kenyan firms play a key role in driving piracy along the Somali coast. The report, entitled 'Combating Maritime Piracy', released in January 2010, says that piracy in Somalia is controlled by about 1500 pirates; that these are organised in seven syndicates; and that these syndicates are financed and brokered by a 'few bosses' from Somalia, Kenya, Dubai, Lebanon and even some European countries.

A maritime official, who spoke to Kenya's *Daily Nation* on condition that he was not named because of the sensitivity of the issue, said they were aware of the role that a select few law, security, aviation and shipping companies in Mombasa and Nairobi played in facilitating the release of hijacked ships and payment of ransoms. "The law and security firms facilitate negotiations and preparation of agreements, while aviation and shipping companies deliver ransom payments to the pirates in Somalia," he said. "The money is either delivered to private airstrips around Nairobi from where it is flown and dropped to pirates on hijacked ships or is loaded on ships that go to Somalia from Mombasa port to deliver. Once such missions have been accomplished, the pirates pay the law, security, aviation and shipping firms involved through their agents in Nairobi and Mombasa through an unofficial money remittance system called *Hawala*."

Kenyan government spokesman Alfred Mutua told FAIR that there is "suspicion that some of the money that is being collected in piracy is being laundered through the

purchase of property" in the country. Official estimates say there is between Ksh 96 billion and Ksh 164 billion (US\$ 1.2 billion and US\$ 2.05 billion) floating in the country's informal economy.

Property prices in Nairobi have shot up due to large, unexplained injections of cash into the housing market. As a result of pirates and their frontmen buying up property, it has become difficult for Kenyans of medium-level income to afford buying, or even keeping, their own houses. In Eastleigh, Kamau wa Ngige says he has been forced to put up notice boards that his plot is not for sale. He says that pirates "want to buy everything" in the area. "A few years ago, a plot cost Ksh 3–4 million (US\$ 37 000 – US\$ 50 000) but now it costs Ksh 10–12 million (US\$ 124 000 – US\$ 149 000); all because of the easy money pirates come with. I wonder why they are still roaming freely in our country. They should all be behind bars," Kamau said.

Salah Abdi Sheikh, a writer on economics based in Nairobi, said it was not a secret that "money moves from Puntland to Kenya. There is evidence that a lot of the piracy is now driven by market forces of supply and demand in which there are Somalis, non-Somalis and even Europeans involved." Sheikh added that "the financiers don't live in Somalia, but in places like Dubai and Kenya. When the money is received, it's under the instruction of the financier and it will be sent to the regions in which they (the financiers) live". Government spokesman Alfred Mutua



Government spokesman Dr Alfred Mutua



Plot holders in Nairobi are being forced to put up signs that their plots are not for sale

said that “the Central Bank of Kenya is investigating where the money is coming from” and that “bank accounts are being monitored to make sure we get hold of the suspects”. Mutua said that he hoped the exercise would also help the government to catch tax evaders.

Somaliland President Faroole has verbally condemned acts of piracy on several occasions and his authorities have arrested and convicted a number of pirates. But pirate activity off the coast of Puntland has increased and senior pirate leaders remain at large and continue to operate without fear of arrest.

### Smugglers and dirty petrol

Joseph Midodjiho, a.k.a. Oloyé, may not have much formal schooling, but he is the president of the petroleum business association in Benin. He is the owner and benefactor of the Porto Novo lagoon harbour area (the centre of which is now called Oloyé Tokpa or Oloyé Pier) and a renowned petrol smuggler. “He feeds millions,” says local petrol dealer Kinsegbedji Houssou Gbalé. “It is thanks to Oloyé that our businesses are booming.” A polygamist and father of several children, of medium height with a thin moustache and beard, Oloyé walks around relaxed, commanding respect wherever he goes. He radiates energy, *joie de vivre*, and loves to joke and tease.

The five boats that arrive every night at ‘Oloyé Pier’, each carrying between 400 and 500 cans of adulterated petrol, are all his. And they are all awaited by eager youths and adults, looking forward to helping with the unloading. It is dirty and unhealthy work. The odour of petrol is so sharp that it is difficult to breathe. But the joy amongst the workers is tangible.

“I earn CFA 50 per can (about 10 US cents), sometimes up to CFA 3000 (US\$ 6) in one night,” laughs Justin Godonou, a semi-skilled electrician who left school in Grade 3. Charlotte Medji, who lives nearby, is also happy: “I can feed my family with that. When my children come and help, we make even more.”

The unloading of the boats, even though it seems chaotic with everybody trying to carry as many cans and as quickly as they can, is highly organised. Agents hover around, closely monitoring the actions of the workers, jotting down the number of cans carried. In front of the nearby storage shop door other agents count the number of cans per worker. In less than 45 minutes 450 cans are unloaded and safely stored. It is almost time for the next boat to arrive.

The boats come from five different Beninese villages on the border with Nigeria: Atchéko, Djoffin, Djavi,

Ménontin and Sado. They all unload here at Oloyé Pier. Oloyé employs over 600 people in the petroleum sector alone. He also owns a loan scheme, the *Caisse Mutuelle de Credit pour le Changement*, that helps women with credit to start businesses such as bread stalls. According to its director, Eliane Toukon, 1300 women have accessed these loans to date. A resident of Porto Novo’s Louho township, Victor Adounsiba, tells us that his wife is one of them. Previously without income, she now sells food at the primary school in their area, he says. “Oloyé really helps the poor, so that they do not have to beg and be parasites.”

The bread stalls that many have started with Oloyé’s loans are supplied by Oloyé’s own bakery in his native town Adjara, a few kilometers from Porto Novo. Besides bread, Oloyé also supplies transport to Adjara. His cars and minibuses, nicknamed ‘Adjara transport’, operate from a large car park in mid-town and service Porto Novo, Cotonou and other localities in the southern regions of the country.

In addition, hundreds of young men now use motorbikes provided by Oloyé to ferry passengers around. Like the women entrepreneurs, the so-called ‘*zemidjan*’ motorbikers pay Oloyé back in installments from their earnings. Says local petrol vendor Houssou Gbalé: “Oloyé really helps. Even if they can’t pay their credit back fully, Oloyé understands.” Oloyé has also had classrooms constructed for schools and sports tournaments organised for the benefit of students in Adjara.

It is estimated that Oloyé provides employment for 600 people directly, and indirectly to several thousands of Beninese citizens.

The secretary general of the *Association des Importateurs Transportateurs et Revendeurs des Produits Pétroliers* (AITRPP), Theophile Adjovi, has nothing but praise for AITRPP president Oloyé’s efforts to “help the destitute”. Like the vast majority of people in the region he supports the pro-government *Force Cauris pour un Bénin Emergent*, of which Oloyé is a leader and benefactor.

Despite this glowing picture, Oloyé is a criminal. The sale of smuggled adulterated petrol, or ‘*kpayo*’ (dirty petrol) is illegal in Benin. Smugglers fight among themselves and with the authorities, for example, and the business has resulted in deaths. The petrol is dirty because it has not passed through petrol station filters, and it pollutes the country’s towns, particularly central Cotonou. The Benin Department of Environment says that in the capital, Cotonou, alone, 83 tonnes of carbon dioxide and 36 tonnes of volatile hydrocarbons are being spewed out every day, 59% of these generated by motorcycles. The yearly cost of





A motorcyclist fills up at a roadside petrol station



Petrol on sale on the road side in Cotonou

respiratory infections in the city was estimated at US\$ 1.3 million and that of lead poisoning at US\$ 42 million.

Even the AITRPP and its leadership, Adjovi and Oloyé primary amongst them, have declared their support for the Beninese government's campaign against 'dirty petrol' smuggling. They, and many other affiliated traders, have promised to stow away their boats, cans, hosepipes, bottles and other accessories, and to switch all their business activities to legal ones.

Says Joseph 'Oloyé' Midodjiho himself: "We have made concrete proposals to the government-appointed joint committee on this matter. We are jointly studying the feasibility of low-interest loans [to people engaged in the dirty petrol business] for the purpose of starting [legal] roadside petrol stations. We would like licences to sell petroleum legally. We are working towards streamlining and reorganising the petroleum sector."

It is questionable though that the government will win the fight against petrol smugglers. Claude Allagbé, Director of Internal Trade Promotion in the Department of Trade, admits that this is going to be a formidable task. A study by his department established that the informal sector accounts for 70 to 80% of all fuel imports, of more than 300 million litres per year, into the country. Allagbé said the government had chosen to work with the informal sector to regularise it instead of merely confronting it because the sector "had raised relevant points".

The points raised by the smugglers boiled down mainly to the government's failure to provide for Benin's fuel needs. Firstly, the formal sector does not have enough distribution points. Secondly, the price of 'legal' fuel is too high for most consumers and, thirdly, if massive unemployment in the sector is to be averted, informal traders should be incorporated into the formal sector. The government was working towards implementing all these measures, Allagbé said. But he also admitted that there would "always be room for an informal sector" as long as prices are low in Nigeria and as long as there is really a significant difference between petrol station prices and informal prices.

In addition, Allagbé argued that Benin could only lead a successful fight against petrol smugglers if there was cooperation from the Nigerian government. But Nigerian state structures, like the Beninese, also seem to be either unwilling or unable to clamp down on the smugglers. The Benin Trade Department director denied, however, that petrol smuggling was promoting development of the country. "We understand that it allows a number of people to earn a living, at least in terms of their day-to-day lives, but what they

earn is really a pittance. It is the large-scale importers who are benefiting."

That in itself poses another problem for the government because the large-scale importers are politicians, government and military officials who use third parties as their fronts. Allagbé acknowledged that he was aware of this. "At a meeting organised by the Department of Interior where smugglers were present, some pointed out members of State as being involved in the trafficking," he said, adding that it was not "really important" who was involved. But a FAIR grant investigation by Beninese journalist Kokouvi Eklou showed that petrol smugglers are among the main benefactors of the governing party; meaning that the very syndicate the government says it is fighting, enjoys cosy relations with key figures in the same government.

And, it could be asked, who would want to slaughter the goose with the golden eggs? In 2004 (the latest figures available), the informal sector handled 245 million litres of fuel, earning a profit of US\$ 23 million. This could fund the entire government education sector in Benin.

### **The big guy's home town**

A visitor to Oghara, a town of less than 5000 people in Delta State, Nigeria, could easily mistake the town for a place in the developed world. The street lights work. The well-paved roads have state of the art drainage facilities. The town also boasts a modern sports stadium, a polytechnic, a campus of the Niger Delta University, the Nigerian navy logistic headquarters, an Electoral College, the 51st Squadron of the mobile unit of the Nigerian police, a modern specialist hospital with a teaching facility and close to a dozen hotels.

The only reminders of the town's geographical location are the landscape, the colour and features of its inhabitants and, perhaps, the fact that the public swimming pool is overgrown with weeds. That this is not only a developed but also a well-run place is immediately clear from the fact that, though traffic lights are still to be installed, road users are generally disciplined and courteous. As state buses, commercial and commuter vehicles wait their turn and people on bikes and motorcycles also behave, the traffic flows like a river.

Oghara is the home town of Chief James Ibori, the immediate past governor of the Delta province. Though accused of corruption, Oghara's villagers love Ibori because "he is the one who has brought all this development". Ibori is so popular that in April this year more than 1000 youths, some armed with AK rifles, blockaded the entrance to the

village to stop police sent by the Economic and Financial Crimes Commission (EFCC) from arresting him. He was being persecuted for his political persuasions, the protesters claimed.

The EFCC accuses Ibori of allegedly stealing millions during his term as Delta province governor. The allegations include:

- A fertiliser scam involving US\$ 152 million
- Shares worth five billion Naira (US\$ 340 million) purchased in the name of Delta State allegedly converted to his personal company
- The purchase of a jet Bombardier Challenger worth US\$ 20 million.
- The purchase of fuel worth 350 million Naira (US\$ 2.3 million) diverted to the account of an aide
- Another 400 million Naira (US\$ 2.7 million) diverted to another aide's account
- 300 000 pounds sterling meant for developing tracks at various stadia also diverted into an aide's account
- Another US\$ 253 000 also for tracks for stadia diverted into the account of an aide
- The purchase of house in London worth over two million pounds sterling.

The EFCC says these charges only relate to money laundering for which he is also being sought by the British

police. Ibori might have siphoned off more funds meant for his state, but like his people, he claims that the corruption charges are politically motivated. Ibori says that he is being persecuted for supporting former Nigerian President Umaru Yar'Adua and foiling those who challenged him in the 2007 presidential elections. Yar' Adua won the controversial elections. Ibori also claims that EFCC boss, Nuhu Ribadu, holds a personal grudge against him. He says Ribadu was angry with him for not recommending him to former President Olusegun Obasanjo to become police chief.

Ibori was arrested in Dubai in May 2010 on the orders of the British police after sneaking out of Oghara. He has been in custody since, and on 18 October an appeal court in Dubai approved Britain's request to extradite the former governor to face money laundering charges.

While the people of Oghara adore him for the infrastructure and economic and social activity he brought to his home town, his critics accuse him of "planting all the state's trees in one farm". There may be some truth to that, seeing that Oghara is far more developed than other towns in the same state. But Ibori's supporters point at lack of development across the board in other Nigerian states and ask what has been done by these state governors with the budgets they have had at their disposal.

In addition: other governors, who, like Ibori, have been accused of, and sometimes charged with, corruption, have not spent their 'embezzled' funds as visibly in Nigeria as Ibori spent his. Prince Abubakar Audu, a governor of Kogi State from 1999 to 2003, was charged by the EFCC with embezzlement of N 5 billion (US\$ 334 million). But in his home town, apart from his palatial white house that stands like a city on a hill, and one college, development is largely absent. The road that passes through the community was, until recently, in a poor state. There is no standard hospital in this village.

Another governor the EFCC is prosecuting for corrupt practices is Alhaji Saminu Turaki of Jigawa State. He is accused of embezzling N30 billion (US\$1.8 billion), which the EFCC claimed he squandered on phoney projects. In his country home in Kazaure, the only visible developmental project is an information technology institute. But the roads in Kazaure are bad, there is acute shortage of water, medical facilities are lacking and schools are in deplorable state.

Some other 'corrupt' governors have brought some development to their home towns, but none of them has done as much as Ibori. Reverend Jolly Nyame, who governed



Chief James Ibori, developer of Oghara



Taraba State from 1999 to 2007 and who is facing charges of corruption raised by the EFCC to the tune of N 1.3 billion (US\$ 100 million), built some roads, provided potable water, some low cost housing and renovated schools in his hometown of Zing. He also built a three-star hotel, which he runs as his personal property. Chief Joshua Dariye, who was governor of Plateau State during the same period and who faces charges of squandering N 700 million (US\$ 4.6 million), brought Plateau State University to his village, Muchere, and provided a good road. However, the investments in these two cases do not square up to the funds they are accused of having embezzled and they pale in comparison to what Chief Ibori did in Oghara.

### Development by armed rebellion

In the oil-rich Niger Delta region, rebels have been oil supplies and forcing oil companies to engage in projects that benefit ordinary citizens. This has won them the hearts of many in the local population. But partnerships with the provincial government to maintain the projects have not been implemented. What the rebels accomplished in water tanks and health infrastructure, has now been rendered useless because of government inactivity.

The local health centre, standing tall amid the seven small villages that make up Olugbobiri, was built by Italian oil company AGIP in 2008, after Niger Delta rebels repeatedly targeted AGIP's oil-flow station in nearby Tebidaba. "The militants compelled AGIP to do this in return for the damage they did to our communities," says Chief Amaka James Ogoni (74), headman of the local kingdom.

The Chief says that the communities can no longer farm as they used to because the soil has been damaged by oil spills. The locals now rely solely on palm oil and palm wine tapping as well as some petty trading to survive. "The companies only started listening when the rebels attacked. We support the armed struggle against the government and the oil companies because we are poor," says local Chief Moses Finidi, who is also the vice-chairman of the Olugbobiri Community Development Committee. "These institutions which siphoned oil off our land left it devastated. Even if we were not all for taking up arms, we saw that the ones who did were able to arm-twist the oil companies into doing something for us." "The damage to us started in 1973, with the oil drilling," adds Chief Ogoni, "but the companies only started to listen to the community when the rebels attacked."

Olugbobiri militant leader Joshua McIver (real name: Imomotimi Ukparasia) had his men attack the Tebidaba

oil station intermittently for four years to force the company to listen to the communities' problems. It was then agreed that AGIP would build a health centre as payment for the damages. "It must have cost AGIP about 30 million Naira [US\$ 150 000] to build this," Chief Ogoni continues. "But the company drew a line when it came to equipping and staffing the centre. They said the state government should do that."

The plan was for AGIP to hand the centre to the local government council, which under the Nigerian constitution is supposed to provide primary health care services. But nothing happened and now, one year later, the building is already overgrown with weeds and some of the facilities have been vandalised.

The only water project in this community was similarly arm-twisted from AGIP by the rebels. The overhead water tank, with a capacity of 200 000 litres, was built by AGIP after militants' pressure, at a cost of US\$ 140 000. It now hangs in the air over bungalows, next to a giant tree, stone dry. "The government was supposed to maintain it, but they didn't. There has been no response to any of our requests to please follow up on what AGIP did," Chief Ogoni says.

The one project emanating from the rebels' armed struggle that is of real use to the locals is the road in Olugbobiri. It is the only passable road in the area and it was constructed by workers paid by rebel leader Joshua McIver, who got AGIP to give his rebel army the contract to do the work.



Abandoned water project equipment, Olugbobiri

Though it cannot pass for a modern tarred road, its quality is certainly better than other paths in the community: it is the only route that can truthfully be called a road.

The construction cost of the road is not known. Neither is the amount of money that the rebels were paid to have it built. Neither AGIP nor the rebels have been forthcoming with that information. Most people in Olugbobiri feel that it is highly likely that McIver's rebels kept some of the money for the road for themselves.

The militants, after all, seem to be living well. The best buildings in this marshy rural area are owned by them, as are the best houses in the towns. Unlike the rickety houses of the ordinary people in this marshy area, rebels' houses are built on concrete blocks, with good sanitary facilities, sophisticated electricity generators and air-conditioning. Though the rebels may think of themselves first, and the community later, most people in the area agree that their 'arm-twisting' activities vis-à-vis oil companies have brought some good. Rebel leader 'Africa', we heard, distributed 3 million Naira (US\$ 25 000) among women and the poor in his village a week before FAIR visited the area.

Another rebel leader, called 'Boyloaf' (real name Victor Eboka Bowei), is also known for his cash gifts to youths, women and the poor in his community. 'Boyloaf' has reportedly also funded the installation and provision of water and electricity in Fropa, his home village. The rebel leader, an engineering graduate from the University of

Calabar in South-South Nigeria, reportedly regularly pays fees for the region's school leavers to sit regional Senior Secondary School Examinations, which are a prerequisite to gain access to tertiary education.

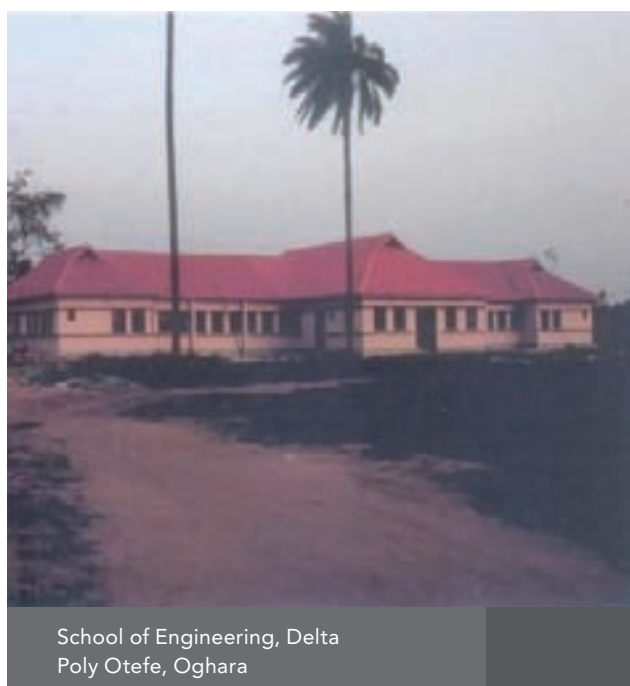
In contrast to the comparative economic force of the pirates in Somalia and the smugglers in Benin, the Nigerian government has way more money than the rebels do. Critics of the rebels say that their activities only sabotage the economy. Rebel attacks are reported to have cost the government between US\$ 1 and US\$ 2 billion a month in 2008 and 2009. A presidential committee on the design of a master plan for the Niger Delta reported that the government had lost US\$ 20.7 billion in oil revenue due to rebel activities in the first seven months of 2009 alone. 'Africa's' and 'Boyloaf's' wads of cash pale in comparison.

Then again, supporters of the rebels would argue what use government revenue is, if that same government is not seen to use that money for development? But it is also doubtful that rebels could provide a possible leadership alternative to the provincial government. While supporting the cause of the rebels, sociologist Anele Kinikawo, a former head of the Department of Sociology at the University of Port Harcourt in Rivers State, said the rebel cause had been hijacked by criminal elements. "The region, the goose that laid the golden egg, was often short-changed and neglected. So, there were pent-up rages that were expressed by the acts of the militants. But somewhere along the line criminal elements came in."

Kinikawo describes how "some people who were not actually part of the militant struggle for genuine transformation of the oil-rich region infiltrated the organized militancy and resorted to kidnapping, bunkering, pipeline vandalism and other economic sabotages. This was inimical to the realisation of the goals the real militants had set up to achieve." As a result, Kinikawo argues, one group of rebels was trying to address injustices to the people of the region, while the other was doing it for selfish ends to enrich individuals.

Kinikawo said the philanthropy of the genuine militants was their way of finding relevance in the communities from which they hailed. It was also, he added, "an indirect way of indicting the poor performing state administrations".

The Nigerian state governments may indeed have a lot to answer for. Research conducted by Sam Aghalino of the Department of History of the University of Ilorin, Kwara State, Nigeria, indicated that huge sums of money had been allocated to the Niger Delta region between 1999 and 2007 by the government of Chief Olusegun Obasanjo. Aghalino



School of Engineering, Delta  
Poly Otefe, Oghara

called the increase in expenditure a ‘quantum leap’ in the national resources being devoted to the Niger Delta region. “Recent distribution of revenue allocation to the state governments is most revealing. Based on derivation alone, in 2005, Bayelsa State received N6.4 billion (US\$ 427 million), Rivers State N 8 billion (US\$ 534 million), Delta State N 15 billion (US\$ 1 billion) and Akwa Ibom N 4.6 billion (US\$ 307 million),” he said, noting that the figures have been on the increase. However, tangible results in service delivery and development still have to materialise.

The federal government seems to be aware that militancy in the Niger Delta remains a threat and has, since last year, embarked on a process to ‘rehabilitate’ the militants. In October 2009, it granted amnesty to all militants in the Niger Delta. An estimated 10 000 militants from all the states in the region are now being rehabilitated through training programmes in different vocations, both in Nigeria and in foreign countries. In the various rehabilitation camps in Nigeria, government has paid each a monthly stipend of about N 70 000 (US\$ 467). This has almost put an end to violence in the Niger Delta for now. But the challenges of underdevelopment and lack of resources being put to good use in the region remain.

## Conclusion

When the subject of this investigation was circulated on FAIR’s different mailing lists –covering a total of 180 investigative reporters in Africa and the world – it emerged that the four cases we were looking at were by no means the only available examples of ‘illegal development’ in Africa. Reporters offered to contribute case studies on the devel-

opment of Lubumbashi in the DRC, allegedly propelled by governor Moise Katumbi, against whom serious accusations of illegal trade have been leveled; of farmers in Ivory Coast turning to grow the illegal marijuana in the face of suffocating taxes on the traditional cocoa and coffee crops; of sex workers who provide families and communities with food and school fees; of peasants farming illegally in nature reserves; and of African-based ‘419’ internet scams that rob individuals in foreign countries.

The harvest from this ‘crowd sourced’ exercise seems to strengthen the conclusion from the individual case studies: for many African citizens, staying away from the state, to actively work against it, or simply to loot it (or loot a foreign entity), seems to provide more food on the table than interacting with it.

The question African leaders will have to answer is whether they are serious about development with a measure of human rights and democracy now, or if they are – like in the cases of Somalia, Nigeria and Benin – happy to continue to run state machineries that don’t work. If nothing changes, FAIR findings indicate that economic progress may increasingly rest in the hands of social bandits with all the consequences thereof.

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