

War Economy in North East Nigeria

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Question

What does the evidence tells us about the war economy in North East Nigeria?

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1. Overview

This rapid literature review collates academic and grey literature pertaining to the war economy in North East Nigeria. The review finds the evidence base on this subject to be limited and disjointed. There are few regional analyses focussed on this issue, with those that exist approaching the subject from different thematic or sectoral positions. Sub-national (i.e. state based) reviews are absent, rendering it difficult to compare how (it at all) the war economy varies between states or indeed within a state (i.e. urban versus rural areas). There is also a lack of studies that examine how the socio-economic impacts of the conflict have created a space in which a war economy could emerge, how these conditions have changed over time, or what form this has taken. Finally, it is important to acknowledge that the conflict has and is evolving, influencing opportunities to accrue resources open to both militant and state actors within the region.

The conflict with Boko Haram provides an opportunity to interrogate long-standing theoretical assumptions about the economic consequences of violent conflict in complex spaces such as the Nigeria's north-east. Nigerian growth and the Boko Haram-led insurgency highlight the contemporaneous inter-linkages between economic emergence, growth, security and conflict.

The report is structured as follows, section two provides background information to contextualise the conflict and its economic impact (as well as the role this plays in producing an environment in which a war economy can emerge), section three in turn provides an annotated bibliography that explores various aspects of the war economy in north-east Nigeria, how it has evolved, who benefits and who it impacts and how this economy is both a product of and a response to the conflict (i.e. the destruction of a regional economy and the potential lucrative activities that have emerged associated with the conflict).

The notion of the war economy used in this report draws on the work of Eaton et al (2019) who assert that each sub-economy creates distinct location-based patterns of resource production, mobilisation and allocation to sustain competitive and embedded violence. The rents available in these areas vary. In capital cities, rents focus on control of the distribution of revenues and assets from the state and private sector. In transit areas and borderlands, rents centre on taxation and arbitrage. In oil-rich areas, rents are related to control of the area itself (and therefore the ability to levy taxes upon the oil sector), bearing in mind that the level of achievable taxation depends on the extent to which a given actor controls the supply chain. It is important to note that the nature, form and value of the war economy in north-east Nigeria will be specific to the region(s) and therefore requires its own conceptualisation.

A summary of key findings from the limited and disparate literature is presented below. These highlight what the war economy may involve and how it may explain the persistence of conflict. It includes an overview of how Boko Haram may finance itself, why people may be attracted to the organisation, the opportunities for personal enrichment available in the conflict and how the security issues, and responses to these, have prompted an evolution of how organisations operate. This summary is drawn from anecdotal evidence, isolated studies and a limited literature and should be treated as such. Findings include:

- Boko Haram has financed its activities and secured income through the imposition of mandatory payments and collection of tribute from producers. This is impart a by-product of an environment in which Boko Haram can influence, if not control, the flow of goods

and finance. Given the high risk of providing financial services in the region, consumers have had to resort to accessing and engaging in less formal spaces (Ikpe, 2017).

- Opportunities for enrichment are evident within various sectors, this includes through activities such as skimming from soldiers' salaries and taking kickbacks on military procurement. The military can extort "protection" money from traders and shopkeepers, and charge fees to provide escorts through dangerous areas. Guarding aid camps can also be "monetised". Within the humanitarian sector, some Nigerian NGOS are suspected of being used for fraud. For traders, contractors and labourers in places like Maiduguri, the arrival of international aid agencies is associated with financial gain. (Freeman, 2019).
- Perceptions of motivations for joining Boko Haram are also linked to financial rewards. In total, 65.90% of respondents in one study identified financial reasons as the primary reason for joining Boko Haram. In terms of Boko Haram's funding, respondents expressed a strong perception that politicians were the main source. Over 45% ranked politicians as the primary source of funding for Boko Haram. Other terrorist groups were also perceived as a major source of Boko Haram funding, with 14.56% of respondents believing it is the primary source of funding. Drug trafficking and armed robbery were also perceived to be significant sources of funding for the group. Taxes, which include membership dues, tax for business and *jizya* (tax for non-Muslims), were perceived to be a minor source of funding, accounting for only 0.5% of respondents (Ewi, & Salifu, 2017).
- Omenma argues that there is an economic dimension of Boko Haram terrorism. Rebellion is an investment either defined in the loot of commodities or where the payoff is to attain some political gains in the future. Boko Haram is partly motivated by economic gains, whether defined by oil and gas resources or the control of informal trade routes of Lake Chad region and Sahel areas. The shift in the character of Boko Haram activities from internal conflicts of political opportunists as well as radical Islamist ideology to more regionalised interventions is possibly motivated by interstate competition for resources i.e. strategic control of the economic mainstay of the Chad Basin cross-cutting fishing, all-season farming, water, and control of cross-border trade routes will be good bargaining instruments. (Omenma, 2019).
- Historically funding sources, before the group morphed into a violent insurgent organisation in 2009, were derived from membership dues as well as foreign donations. Boko Haram's first leader, Mohammed Yusuf, was said to have received funds from external Salafi contacts, which he used to fund microcredit schemes for his followers and to give welfare, food, and shelter to refugees and unemployed youth. While Boko Haram remained a quasi-legal religious movement, it also enjoyed a limited level of local patronage, including donations from businessmen, politicians, and government officials. As the movement transitioned into a militant insurgent organisation, Boko Haram increasingly financed its operations through local criminal activities such as bank robberies, robbing cash-in-transit convoys, assassinations for hire, and trafficking illegal weapons and drugs. Boko Haram also employs large-scale extortion schemes (Asfura & McQuaid, 2015).
- Despite the conflict, the north-east has been identified as one of the fastest-growing markets in Nigeria, companies keen to tap into this are (including Unilever and Coca Cola) have adopted their activities. Traders now travel to state capitals, often with military

escort, to buy products at the wholesale market to distribute to more dangerous parts of the state. A unique economy of private security contractors has thus emerged that depends on a level of insecurity for their continued existence (Munshi, 2018).

Broadly speaking, as one commentator puts it, the reason fighting persists is because too many people earn an income from it. The billions of oil dollars a year being set aside for the war economy offer almost limitless opportunities for enrichment.

2. Conflict in North-East Nigeria

Since 2009, the militant group who identify as *Jama'atu Ahlis-Sunnah Lidda'awati Wal Jihad*, commonly referred to as Boko Haram, has claimed responsibility for attacks on civilians, security personnel and infrastructure including schools, health facilities, security establishments etc. The conflict has been characterised as a challenge to Nigeria's statehood with periods of widespread loss of territory and continuous undermining of the military. Much focus has been on the violence perpetrated by the group, however, the conflict is also defined by extra-judicial violence deployed by state security actors and associated bodies against civilians in affected communities (Brechenmacher, 2019). There are various narratives pertaining to Boko Haram's motivations including: opposition to western influences, political agitation against a corrupt political elite, income disparities and poverty, structural violence, religious fundamentalism and co-option by global violent extremist groups (table 1 provides an overview of factors driving the conflict in north-east Nigeria, by type and field as characterised by the World Bank).

Table 1: Factors of the conflict in north-east Nigeria, by type and field

	Structural / Root Factors	Intermediate Proxy Factors	Triggers	Crisis Dynamics
Social	Poor social and economic outcomes (poverty, health, nutrition employment); high inequality; perceived social injustice; lack of social service provision.	Declining trust and eroded social cohesion; political manipulation of society and patronage.	Social polarization; openness to radicalisation; revenge.	Changing gender and intergenerational relations; sexual and gender-based violence; displacement; inter-communal violence.
Political / Governance	Elite political settlement excluding majority; historic marginalization of North-East as a region; poor performance of government institutions; low accountability and legitimacy of State.	Accusations of corruption and impunity; non-State actors fill governance and service void (e.g. community and religious associations); traditional institutions eroded.	Parties take to the street in the absence of effective or trusted channels for re-dress, justice, or political change.	Fractured social contract; lack of transparency and poor accountability creates a spiral of violence.
Security	Low levels of human security as a result of poorly performing	Supply of unemployed and disaffected youth,	Unlawful acts by State and non-State actors; Human	Excessive use of force by elements of the security

	State security services; porous borders in an insecure wider region.	proliferation of arms create conditions for recruitment and growth of armed groups and criminal opportunism.	rights and humanitarian law violations drive sense of injustice and persecution.	establishment legitimizing rebellion, vigilante groups (Civilian JTF) fill security vacuum with mixed consequences.
Economic	Lack of economic infrastructure, access to markets, and effective policies to support agriculture and industry; high levels and poverty and food insecurity.	Lack of jobs and opportunity; large population of unemployed and poorly skilled youth.	Collapse of Northern Nigeria industrial base; recruitment of armed fighters from labour force incentivizes violence.	Military expenditures thwart development spending; Low human development outcomes heighten risk of ongoing or renewed conflict.
Cultural / Ideological	Religion as source of political legitimacy; History of (sometimes violent) religious radicalism challenging the State.	Political manipulation of religion; sharia implementation results in disillusion.	Escalating conflict (widening targets; suicide attacks).	Religious factionalism and competition; rise and internationalization of conflict.
Environmental	Climate change and environmental degradation: drought, desertification, contraction of Lake Chad Basin.	Lack of demarcated grazing lands, cattle routes and water sources for livestock, agriculture and fisheries.	Competition over land and natural resources, especially between agriculturalists and pastoralists.	Lack of effective natural resources and conflict management.

Source: World Bank, 2015: 20, <http://documents1.worldbank.org/curated/en/753341479876623996/pdf/110424v1-WP-NorthEastNigeriaRecoveryandPeaceBuildingAssessmentVolume1web-PUBLIC-Volume-1.pdf>

Much less attention has been focused on the array of factors that may serve to perpetuate conflict. These are linked to the above but may also have been influenced by the evolution of the confrontation between Boko Haram and the Nigerian government. The conflict with Boko Haram provides an opportunity to interrogate long-standing theoretical assumptions about the economic consequences of violent conflict in countries that are experiencing economic growth nationally (Ikpe, 2017). In 2014, Nigeria emerged as Africa's largest economy following its rebasing of GDP whilst simultaneously confronting armed militants in the north-east (Ikpe, 2017). Nigerian growth and the Boko Haram-led insurgency in the north-east of the country highlight the contemporaneous inter-linkages between economic emergence, security and conflict.

Impacts of the conflict in north-east Nigeria

In order to probe the nature of the war economy in north-east Nigeria, it is important to acknowledge the impact the conflict has had. An estimated 15 million people have been affected by violence and resulting military operations in north-east Nigeria (World Bank, 2015: 1). The fighting is reported to have become particularly intense from 2014, leading to the loss of circa

20,000 lives and the displacement of 1.8 million people. This has served to aggravate the weak economic development of the north-east. Damage to infrastructure has been estimated at US\$ 9.2 billion which in turn has contributed to accumulated output losses of US\$ 8.3 billion (World Bank, 2015: 1). While the majority of the displaced have remained within three conflict-affected states (Borno, Adamawa, and Yobe), the remainder have resettled throughout northern and central Nigeria. Over 170,000 more have sought refuge in neighbouring countries.

Damage to education and health facilities, and attacks on markets and farms, closure of cattle markets, and restricted access to lands with consequent negative impact on livelihoods, are considered to have adversely affected the developmental outcomes of a generation. The conflict is also viewed to have triggered a humanitarian crisis, with increasing food insecurity, and increasing pressure on already overstretched and damaged basic social services (Council on Foreign Relations, 2018; World Bank, 2015). This has exacerbated already existing socioeconomic disparities in the north-east. The conflict has also eroded social cohesion with social interaction becoming increasingly challenging in an atmosphere of violence which has followed, due to communal, property and land disputes, and retaliation for conflict-related violence (Brechenmacher, 2019, World Bank, 2015).

The impact of the conflict on the six states in the region has been uneven. Adamawa, Borno and Yobe have experienced significant physical destruction and movements of displaced persons, which undermined their local economies and livelihoods. Bauchi, Gombe and Taraba have been affected by the spill over of internally displaced people (IDPs) into their administrative boundary, which have imposed a large economic burden on the host state (World Bank, 2015).

The conflict has severely affected food production and agricultural productivity, particularly in the hardest hit states of Borno, Yobe, and Adamawa. Casualties and population displacements, has prevented households from pursuing typical livelihoods and interrupting trade and market functioning. Restriction on food availability and access to farms and markets in Borno, Yobe and Adamawa has generated localised food crises of acute food insecurity.

Table 2: Macroeconomic impacts by state (World Bank, 2015: 50)

	Adamawa	Bauchi	Borno	Gombe	Taraba	Yobe	Region
GDP - Estimated Loss for 2011-2015 (Naira billion)	-314	-86.3	-708.2	-280.9	-49.1	-222.3	-1660.8
Inflation, All Items (%)	10.4	-4.5	10	12.7	-2.9	6.6	5.4
Inflation, Food (%)	9	-22.6	11.3	46.3	0	0.7	7.4

Source: World Bank, 2015: 50, <http://documents1.worldbank.org/curated/en/753341479876623996/pdf/110424v1-WP-NorthEastNigeriaRecoveryandPeaceBuildingAssessmentVolumelweb-PUBLIC-Volume-1.pdf>

Impacts on Private Sector, Trade and Financial Sector

According to the World Bank (2015), physical destruction affected the private sector by undermining the operation of small and medium enterprises and markets. Markets have been regularly attacked and the army has also closed some markets for security reasons (to avoid attacks or to disrupt supplies to Boko Haram) (Brechenmacher, 2019).

The economy has been significantly affected by reduced connectivity as people flee villages, and others are isolated. Trade has been significantly disrupted as mobility of humans and goods and services is curtailed by damaged infrastructure, continued insecurity and closed borders. The volume of trade severely diminished as major trade routes became inaccessible. Traders have taken alternative (longer) trade routes to reach Maiduguri, which has negatively impacted the roads and bridges in the states of the alternative routes (World Bank, 2015).

Livelihoods and Employment

Prior to the crisis productive jobs were fewer in the north-east and have become scarcer during the crisis. Labour force participation was concentrated in agricultural activities (43%) and the largely informal, non-agricultural sector (39%). With the onset of the conflict, the proportion of labour participation in agriculture has reduced to 27% in 2012-2013, reflecting that the continuing conflict has limited access to land for crops and livestock, and has curtailed agricultural activities significantly. People in the region resorted to a range of income generation activities, with unpaid household activities doubling from 11% (2010-2011) to 22% (2012-2013), indirectly capturing a large increase in de facto unemployment (World Bank, 2015: 50).

Negative impacts on the local economy and livelihoods have undermined the well-being of the population in the region. During the crisis, the poverty rate rose from 47.3% in 2011, to 50.4% in 2013, the highest in the whole country. Contraction of the local economy is most acutely felt in the area of price increases, particularly food prices, and subsequent food insecurity

War economy and North-east Nigeria

Whilst much attention has focused on the economic impact of the conflict in north-east Nigeria nationally, regionally and on households and individuals, much less literature has focused on the economic incentives that may serve to perpetuate conflict in the region. Here, it is important to engage with notions of conflict- or war-economies (see box 1).

See Box 1: Definitions (Source: Eaton et al., 2019: 4),

<https://www.chathamhouse.org/sites/default/files/2019-08-13-ConflictEconomies.pdf>

Analysis of conflict economies has predominantly focused on state-level dynamics. However, less attention has been paid to the development of conflict sub-economies that are specific to certain types of location. Studies by Eaton et al., (2019) have identified three distinct types of conflict sub-economy:

- capital cities;
- transit areas and borderlands;
- oil-rich areas.

Eaton et al's. (2019: v) analysis highlights how each sub-economy creates distinct location-based patterns of resource production, mobilisation and allocation to sustain competitive and embedded violence. Rents available in these areas vary. In capital cities, rents focus on control of distribution of revenues and assets from the state and private sector. In transit areas/borderlands, rents centre on taxation and arbitrage. In oil-rich areas, rents relate to control of the area (and the ability to levy taxes upon the oil sector), bearing in mind that the level of achievable taxation depends on the extent to which a given actor controls the supply chain.

Eaton et al (2019) assert that economic motivations, at the individual and group level, are key to understanding wars in a number of countries, yet have tended to be overlooked in many contexts. In their research, they discuss Iraq, Libya, Syria and Yemen. They continue that as these wars have progressed and evolved, the national and local economies in which conflict is embedded have also changed. The authors posit that such motivations can offer an alternative or complementary explanation for armed group membership and armed group behaviour. While some groups will fight to promote or defend a particular identity, others fight for economic survival or enrichment. For many more actors, these motivations are tied together, and separating out 'greed' and 'grievance' is a difficult, if not impossible, task. Even if economic motivations did not spark the wars in Iraq, Libya, Syria and Yemen initially, they conclude that it is clear that such factors now play a critical role in the persistence of open fighting, localised violence and coercion (Eaton et al., 2019: iv).

Factors specific to each sub-economy type play a role in conditioning the nature of economic activities in each locality, and in determining whether and by which means violence is dispensed. For this reason, national-level generalisations and in-country comparisons of conflict economies are inadequate.

Factors contributing to the persistence of conflict

Whilst the drivers and consequences of conflict have received much attention, less focus has been on the persistence of the conflict. According to Freeman (2019) the following have all been muted within different Nigerian sectors as reasons for the persistence of conflict in north-east Nigeria. These are drawn from an opinion piece but serve to highlight perceptions (real or imagined) of how the conflict persists due to a range of factors – the author concludes with a stark warning.

- Military experts blame the Nigerian army's bloated, incompetent top-down leadership.
- Human rights groups blame the army's poor human rights record, which drives civilians into Boko Haram's arms.
- Military personal have blamed human rights groups, whose criticisms, he claimed, have prevented the sale to Nigeria of combat jets and other hardware it needs.
- There is, however, another explanation for why the war endures, which is arguably more perplexing. Put simply, the fighting carries on because too many people earn an income from it. In a country that is known for corruption, the billions of oil dollars a year being set aside for the war economy offer almost limitless opportunities for enrichment.

It is this last point that is probed in the following section.

3. Annotated Bibliography: north-east Nigeria's War-Economy

Economic impacts of the conflict

World Bank et al. (2015). North East Nigeria: Recovery and Peace Building Assessment. World Bank. [http://documents.worldbank.org/curated/en/753341479876623996/pdf/110424-v1-WP-NorthEastNigeriaRecoveryandPeaceBuildingAssessmentVolumelweb-PUBLIC-Volume-1.pdf](http://documents.worldbank.org/curated/en/753341479876623996/pdf/110424v1-WP-NorthEastNigeriaRecoveryandPeaceBuildingAssessmentVolumelweb-PUBLIC-Volume-1.pdf)

This recovery and peace building assessment conducted by the Nigerian government and World Bank asserts that the rapid deterioration of the conflict, and vacuum of law enforcement mechanisms to contain and control conflict has resulted in widespread levels of suspicion, mistrust and stigma along ethnic, religious, political and geographical lines. The social fabric in the north-east was deeply damaged, eroding social relations between citizens and government. Economic, ethnic, religious, political and geographical divisions have hardened, affecting the way in which any recovery effort is perceived, while new divisions have emerged.

The assessment indicates that the economic impact of the crisis is substantial, reaching nearly US\$ 9 billion across the north-east. Two-thirds of the damages (US\$ 5.9 billion) are in Borno, the most affected state; damages in Adamawa and Yobe account for US\$ 1.6 billion and US\$ 1.2 billion respectively. Three-quarters of the overall damages are on agriculture (US\$ 3.5 billion) and housing (US\$ 3.3 billion). The conflict resulted in more than 400,000 damaged and destroyed housing units, 95% of which are located in Borno.

The Boko Haram conflict and insecurity has prevented households from pursuing their livelihoods and regular economic activity. The crisis has further deteriorated the already weak economies of the North-East. It is estimated that the region suffered from an accumulated output loss of US\$ 8.3 billion between 2011 and 2015. Borno suffered from the largest loss as State output fell by US\$ 3.5 billion between 2011 and 2015, while food prices rose by nearly 7.5%. The combination of output loss and increase in prices implies a significant reduction in welfare of the people. During the crisis, poverty rates rose from 47.3% in 2011, to 50.4% in 2013. Restrictions on food availability and access to farms and markets in Borno, Adamawa, and Yobe have generated a localised crisis of acute food insecurity during the lean period. Food insecurity has increased drastically among IDPs, host communities and states most severely affected by the conflict.

Ikpe, E. (2017). Counting the development costs of the conflict in North-Eastern Nigeria: the economic impact of the Boko Haram-led insurgency. Conflict, Security & Development. Volume 17, Issue 5. <https://doi.org/10.1080/14678802.2017.1371987>

This paper interrogates theoretical assumptions about the economic consequences of violent conflict in north-east Nigeria. It analyses the cost of north-east Nigeria's conflict on development by considering its impact on the economy at the national and subnational levels.

Generalised assumptions about the ways through which conflict affects development appear to hold in some regards but not in others. Evidence suggests some disruption in fiscal adjustments at the macro level, trade and investment as well as agricultural production and commerce within the north-east but less so with regard to economic growth and foreign direct investment flows at the national level. The paper finds evidence of a dichotomy in terms of the impact of the conflict

on the national and subnational economy. There is a high degree of containment of the repercussions of the conflict at the subnational level. However, there remains a degree of interconnectedness across these strata that are influenced by both domestic and international political economy dynamics.

Ikpe asserts that, at the national level, the consequences of the conflict on the economy are less directly delineated. Rather perversely, periods of military progress against the insurgency have accompanied declines in growth since 2015. Because of the dominance of the mineral subsector in merchandise exports, oil price movements alongside production disruptions in the Niger Delta are likely to have been especially critical for the downturn in exports as a proportion of GDP.

However on fiscal adjustments, there have been drastic changes in the pattern of public expenditure immediately following the 2009 intensification of the conflict that have indeed coincided with reduced public capital spending in productive sectors of the economy including agriculture, transport and communications as well as manufacturing and mining.

There has been widespread disruption in the main economic activities in the region: agriculture, commerce and trade. Agricultural production is in decline with dire consequences for food prices, food security and agricultural livelihoods. This is linked to the displacement of labour, the destruction of agricultural infrastructure and input systems, and diminished access to land and farm equipment.

Commerce and trade have been affected negatively by insecurity through disrupted trade flows, increases in transaction costs, risks to formal sector financial activities and outflow of investment due to uncertainty. Trade, especially in agriculture, has been impacted by the conflict through the destruction of institutions as well as transport routes. It has underscored increased transaction costs in the requisition of mandatory payments and tribute from producers by Boko Haram, increased transport costs and diminished trade levels. This has had a direct impact on rising food prices in the region and beyond. Commercial activities have been challenged by insecurity through uncertainty that has forced FDI divestments from the region. There has also been high risk exposure to financial services that have served to limit access to consumers and risk a retreat of to less formal spaces.

In presenting this original analysis of the developmental consequences of the ongoing Boko Haram-led insurgency, it has been possible to reflect on the complexities that attend the conflict-development trajectory. Focus has been on the extent to which the conflict has influenced dynamics at the levels of the national and subnational economy. Evidence suggests a high degree of containment of the repercussions of the conflict at the subnational level. Nonetheless interlinkages between the national and subnational spheres have been identified. Along the conflict-development trajectory, it has highlighted the complexities associated with the interrelatedness among variables across international, national and subnational spaces.

Impacts of the war economy (beneficiaries and non-beneficiaries)

Freeman, C. (2019). Spoils of war. Tortoise Media.

<https://members.tortoisemedia.com/2019/07/28/boko-haram/content.html>

This option piece poses the question, is the war economy too lucrative for peace to prevail? Freeman asserts that put simply, the fighting carries on because too many people are earning a

buck from it. In a country that is legendary for corruption, the billions of oil dollars a year being set aside for the war economy offer almost limitless opportunities for enrichment.

- Within the military, this is through activities like skimming from soldiers' salaries and taking kickbacks on military procurement.
- Within the humanitarian sector, many Nigerian NGOs are suspected of being used for fraud and pilfering.
- For traders, contractors and labourers in places like Maiduguri, where most people live on \$1 a day, the arrival of well-funded international aid agencies means boom time.

An interview conducted with Matthew Page (Chatham House) notes that “effectively, so many people make money out of the war zone that there’s no real incentive to stop it... Vested interests simply have too much to lose from the restoration of peace.”

The report continues that evidence of corruption linked to the conflict are evident. Freeman asserts that whilst corruption, by its nature, is hard to spot, especially in a war zone, examples suggest it happens on a staggering scale. Freeman cites, for example, that Nigeria’s anti-corruption police found \$43m in a smart flat in Lagos, wrapped in bricks of dollars and euros and stashed in a filing cabinet linked to Ayodele Oke, the head of Nigeria’s National Security Agency, who is now facing charges of money-laundering.

The interview with Page continues reporting that, “the secrecy with which government runs military budgets, a hangover from the days of dictatorship” further explains the opportunities open to secure income from the conflict. Every year, a further \$600m is allocated to state governors to cover unforeseen “security” expenses, money that requires no accounting trail and is used as a slush fund to buy favour in re-election campaigns.

Within the region, opportunities for enrichment also exist. Troops can extort “protection” money from traders and shopkeepers, and fees to provide escorts through dangerous areas. Another potential money-spinner is guarding aid camps like Monguno, where the presence of hundreds of thousands of people corralled into one place can again be “monetised”.

Freeman asserts that the Nigerian army forces civilian populations into these protected enclaves, which offer a full spectrum of illicit opportunities by controlling who and what comes into the camp, be it traders who want to sell wares, prostitution, or demanding kickbacks on relief supplies.

Other culprits are what Shehu Sani, a north-eastern senator, calls “humanitarian entrepreneurs” – Nigerians who set up or take control of charitable funds for their own ends. In 2016, he chaired an inquiry into alleged embezzlement of \$20m of government funds earmarked for rebuilding war-damaged towns, for which the country’s top civil servant, Babachir Lawal, has now been indicted. Last year, seven directors of Nigeria’s National Emergency Management Agency were also indicted after being accused of channelling funds into private bank accounts.

Freeman concludes that that aid agencies need to ask themselves questions about whether their presence long-term will simply prolong the crisis. He states that “fundamentally, north-east Nigeria has been re-wired into a war economy and the international community should not be helping to maintain the status quo... They need to push back more, to get Nigeria to cut down on the graft and resolve this crisis pro-actively.”

Ewi, M. & Salifu, U. (2017). Money talks: A key reason youths join Boko Haram. Institute for Security Studies. <https://frantic.s3-eu-west-1.amazonaws.com/kua-peacemakers/2016/07/Money-talks-A-key-reason-youth-join-Boko-Haram.pdf>

This policy brief is an overview of key findings from a study aimed at understanding violent extremism in northern Nigeria, and identifying factors that are key in Boko Haram recruitment and membership. This analysis contributes to knowledge about the political and socio-economic preferences of individuals involved in the group. A major findings of the study is the perception that financial incentives, not religion, are a key motivator for individuals joining Boko Haram.

See: Table 3: Why people join Boko Haram, Source: Ewi & Salifu, 2017: 4, <https://frantic.s3-eu-west-1.amazonaws.com/kua-peacemakers/2016/07/Money-talks-A-key-reason-youth-join-Boko-Haram.pdf>

As illustrated in the table 3, the perception among respondents was that people are motivated to join Boko Haram for financial rewards. In total, 65.90% of respondents said that financial reasons were associated with decisions to join Boko Haram.

This study corroborate the findings of similar studies on violent extremism in Africa. Six main reasons are cited, namely ignorance of religious teachings; unemployment and poverty; upbringing: high levels of illiteracy; excessive military responses; and widespread corruption. Though an overwhelming majority of his interviewees in northern Nigeria, reaching in some cases 83%, as in Kaduna State, stated that unemployment and poverty were important factors in youth engaged in religious-based violence.

Table 4: Citizen Survey: ranking of Boko Haram sources of financing

Source	Ranked 1	Ranked 2	Ranked 3
Politicians	729	293	146
Other Terrorist Groups	234	372	206
Armed Robbery	189	145	92
Drug Trafficking	183	107	58
Arms Smuggling	138	128	243
Private Businesses	102	245	80
Other	23	17	41
Taxes	8	9	17
Total Respondents	1,607	1,316	883

Source: Author's own, data taken from Ewi & Salifu, 2017: 12

The table above provides an overview of perceived sources of funding. Respondents expressed a strong perception that politicians are the main source of Boko Haram funding. Over 45% ranked politicians as the primary source of funding. Other terrorist groups were also perceived as a major source with 14.56% of respondents believing it to be the primary source of funding. Additionally, drug trafficking and armed robbery were perceived to be significant sources of funding for the group. There was also a considerable perception that arms smuggling (8.59%) was a source of funding for Boko Haram. Taxes, which include membership dues, tax for business and *jizya* (tax for non-Muslims), were perceived to be a minor source of funding, accounting for 0.5% of respondents, who viewed it as the number one source of funding. The author concludes that although taxes were important, particularly membership dues, in the early stages of Boko Haram's existence, they do not, constitute a major source of funding today. This may also be because Boko Haram does not administer any territories. In light of the study findings, it is most probable that Boko Haram's funding is coming from a wide range of sources including 'donations of rich Nigerians from the north, Governors, Senators, Muslim communities in Europe, drugs and arms traffic and foreign terror groups within and outside the African continent mostly in the form of *zakat* and *hawala*.

The author concludes that although, it is not the only cause, poverty or financial reward does play an important role in people's decision to join Boko Haram. Importantly, the study underscores the need to design specific strategies to counter Boko Haram recruitment and sources of financing. It underscores the urgency for policies to prioritise employment and other developmental and financial solutions in the fight against Boko Haram.

Ogbozor, E. (2016). Causes and Consequence of Violent Extremism in Northeast Nigeria. IDS. <http://www.hicn.org/wordpress/wp-content/uploads/2012/06/HiCN-WP-227.pdf>

This paper addresses three fundamental questions: What are the socio-economic causes of terrorism and violent religious movements? What is the root cause of Boko Haram in Northeast Nigeria? And what are the consequences of Boko Haram's violence on rural livelihoods? Based on a review of the literature and current studies in Nigeria, this paper contends that violent extremism has a correlation with the socio-economic conditions in Northeast Nigeria, and there are direct and indirect impacts of extremism on rural livelihoods.

This paper discusses the socio-economic causes and consequences of terrorism and violent religious extremism with particular reference to the Boko Haram's violence in Northeast Nigeria. The study contends that the theory of basic human need and the relative deprivation theory is relevant in explaining the socio-economic disparities that have led to the emergence of Boko Haram in Northeast Nigeria. However, this study argues that the drivers of violent extremism, the consequences on livelihoods, and the strategies adopted by rural communities to cope with the Boko Haram's insurgencies in Northeast Nigeria remains relatively understudied. The study contributes to literature on countering violent extremism programs in Northeast Nigeria in particular and the sub-Saharan communities in general.

Omenma, J. Tochukwu (2019). Untold story of Boko Haram insurgency – the Lake Chad oil and gas connection. *Politics & Religious Journal*, 13 (1), pp. 180-213, March. <https://doi.org/10.1017/S1755048319000166>.

This article makes a case for the nexus between water resources and terrorism. Using Boko Haram activities in the Lake Chad region, the author questions the conventional arguments

linking religion to the root cause of terrorism. He argues that there is an economic dimension of Boko Haram terrorism, which is based on two interrelated indicators: the attack on the Nigerian oil exploration team in the Lake Chad basin, and the continuous exploitation of oil and gas by Chad, Niger, and Cameroon in the region. Building on economic incentives and natural resource theoretical debates along with a historical enquiry into Boko Haram, the article concludes that economic interests, rather than religion, are partly the impetus to the activities of Boko Haram.

This article seeks to establish the key factors accounting for the expansion of Boko Haram in the Lake Chad region. Boko Haram's evolution and expansion beyond Maiduguri (Borno State, Nigeria) have been explained from a number of perspectives. Religious and poverty trajectories form the dominant arguments in the literature, while the natural resources nexus to insurgency has been underexplored. Energy dimensions of the Boko Haram activities need to be carefully considered, not only because of the current shift in the national interest, but because some states are leveraging energy extraction from the Lake Chad region at the expense of others. The shift in the character of Boko Haram activities from internal conflicts of political opportunists as well as radical Islamist ideology to more regionalised interventions is possibly motivated by interstate competition for resources. Boko Haram and its splinter group (ISWAP) know that a strategic control of the economic mainstay of the Chad Basin cross-cutting fishing, all-season farming, water, and control of cross-border trade routes will be good bargaining instruments.

Some areas of Cameroon (such as Fotokol, Kousseri, Mora, and the border of Banki-Amchide) are havens for terrorist groups due to government indifference, while in Niger, the terrorist group recruits Nigerian citizens and operates cells with less government reaction. The Nigerian government had often criticised Cameroon for not doing enough to contain the expansion of violent extremism in its territory, which is possibly one of the reasons Boko Haram had found in Cameroon a convenient area to retreat and regroup.

The behaviour of Chadian, Cameroonian, and Nigerian governments against Boko Haram activities adopts a narrow concept of defence policy (tacit non-aggression pact with the insurgent groups) to secure their countries from direct attacks, instead of multilateral cooperation that addresses cross-border vulnerabilities.

Insurgent groups have taken control of most of the islands of Lake Chad and Sambisa forest, and openly associated themselves with al-Qaeda international groups through the Maghreb region. A conglomeration of terrorist groups is gradually building up in the Lake Chad basin. Smail Chergui, the AU's Commissioner for Peace and Security, warned that African nations would need to work closely and share intelligence to counter about 6,000 ISIS fighters dislodged in Syria and Iraq relocating to the Sahel region in Africa (Inwalomhe 2019). The tacit support Boko Haram and ISWAP enjoy from the Nigerian neighbours will likely create a unique problem of terrorist regimes in the Lake Chad basin, thereby enthroning the culture of terrorism as an instrument of regime change in sub-Saharan Africa.

The author concludes that states should not knowingly permit any group to convert and use their terrain in a way that jeopardises other states, including the use of its territory as a base for terrorist attacks. This is a basic principle in international relations, and, as long as some states maintain a friendly disposition toward terrorist interests or use the group in a proxy war, the possibility of the groups transforming from their initial aim(s) to a more rewarding objective(s) is potent. Rebellion is an investment either defined in the loot of commodities or where the payoff is to attain some political gains in the future. Boko Haram and its splinter group, no doubt, is partly

motivated by economic gains, whether defined by oil and gas resources or the control of informal trade routes of Lake Chad region and Sahel areas.

Olojo, A. (2013). Nigeria's Troubled North: Interrogating the Drivers of Public Support for Boko Haram. The International Centre for Counter-Terrorism (ICCT) – The Hague.

<https://www.icct.nl/download/file/ICCT-Olojo-Nigerias-Troubled-North-October-2013.pdf>

This paper interrogates the drivers of public support for Boko Haram in terms of both passive and active support. The spectrum of public support for Boko Haram is representative of both active and passive elements of Nigerian society. Passive supporters may not make personal sacrifices in the form of suicide attacks. However, their sympathy with the activities of insurgents, as well as refusal to betray them, is a key factor that undermines government's counter-terrorism efforts.

In January 2012, Nigerian President Goodluck Jonathan noted that some sympathisers of Boko Haram were not only members of the executive, legislative and judicial arms of his government, but also the country's armed forces. Although intelligence reports in 2013 appear to suggest that the group's support base is generally weak, earlier periods are highly indicative of the passive, yet profound role that political entities may have played in bolstering the group. For instance, the expression of this tacit role by northern Nigerian elites is reflected in the complex political dynamics in Borno State. Before 2009, Boko Haram was believed to be under the influence of key politicians. There have been suspicions that certain elites in Borno State funded the group and its leader. Such individuals were further described as politicians who relied on the popular support which Yusuf could amass in favour of electoral victory during elections in 2003 and 2007.

Evidence of popular (and political) support for Yusuf was reflected in his position as a Borno State representative in Nigeria's Supreme Council of Sharia. Political actors who associated themselves with Boko Haram's leadership capitalised on the ability of the group to mobilise broad support from its members. This support was based on Yusuf's access to resources, which was partly invested in the acquisition of taxis, buses and motorcycles that he distributed to unemployed youths who became members. While these ventures generated daily monetary returns to the group's coffers, they also endeared the population of jobless youths to Yusuf.

It is important to highlight that prior to 2009, the activities of Boko Haram were yet to be regarded as a security threat to the country. The prevailing perception of the group was that of a radical organisation with occasional tendencies towards violence. A shift occurred in July 2009 when over 1,000 people lost their lives in several cities across the northern region due to clashes between Boko Haram and the Nigerian security forces. This created the conditions under which the then Yar 'Adua government was able to declare the group a security threat. The securitisation policy appeared to diminish the appeal that Boko Haram exuded among political circles and altered the perception of some who previously saw the group as one with legitimate motives. It further induced a surge in the exchange of allegations between political elites suspected to be affiliated with Boko Haram before 2009.

Allegations exchanged between (political) elites pertaining to Boko Haram affiliation were used as a political tool to neutralise opposition within the context of state politics. Alongside this, the change in Boko Haram's leadership was accompanied by the escalation of violence.

In addition to allegations of financial proceeds from local politicians, businessmen and organised criminal networks, suspicions have increased with regard to Boko Haram's interception of charity funds generated by the UK-based aid organisation Al-Muntada Al-Islami Trust. While the exact

context of financial flow from this organisation remains unclear, it calls to mind previous claims about this organisation's involvement in financing a violent uprising in Yobe State, Nigeria in 2003. In relation to this, the director of the charity was arrested by the Nigerian authorities in February 2004 following the discovery of his financial transactions running into millions of Naira with a Kano-based businessman who acted as a middleman between the charity and Boko Haram.

In September 2011, pointers regarding Boko Haram's funding sources were further disclosed during a visit led by former Nigerian president Olusegun Obasanjo and civil rights activist Mallam Shehu Sani to the relatives of the late Boko Haram leader, Mohammed Yusuf. On this occasion, Yusuf's family revealed that about 40% of the group's funding came from outside Nigeria. They further noted that while the group had representatives in Chad, Niger and Cameroon, it would be difficult for the Nigerian army to crush Boko Haram because of their capacity to reach out beyond Nigeria.

Beyond this, a number of arrests following counter-insurgency operations by the Nigerian government have revealed an increasing number of Boko Haram-hired mercenaries. Some of these foreign fighters include Cameroonians and Nigerians who through the assistance of local *Almajiris* participated in Boko Haram attacks in Bama area of Borno State. In June 2013, the Nigerian government's Joint Task Force (JTF) arrested a major recruiter for Boko Haram as several militants reportedly fled from Maiduguri towards Niger Republic. These terrains beyond Nigeria's borders also harbour camps where Boko Haram militants have trained in the past. Quite understandably, these external dynamics influenced Nigeria's military involvement in the Sahel as part of an African-led International Support Mission in Mali (AFISMA).

Asfura, P. & McQuaid, J. (2015). Diagnosing the Boko Haram Conflict: Grievances, Motivations, and Institutional Resilience in Northeast Nigeria. CAN.

https://www.cna.org/cna_files/pdf/DOP-2014-U-009272-Final.pdf

This paper attempts to trace the evolution of Boko Haram's grievances, motivations and institutional resilience in north-east Nigeria. Boko Haram is known to sustain its operations through diverse funding activities. Before the group morphed into a violent insurgent organisation in 2009, it relied heavily on membership dues as well as foreign donations. Boko Haram's first leader, Mohammed Yusuf, was said to have received funds from external Salafi contacts, which he used to fund microcredit schemes for his followers and to give welfare, food, and shelter to refugees and unemployed youth. While Boko Haram remained a quasi-legal religious movement, it also enjoyed a limited level of local patronage, including donations from businessmen, politicians, and government officials.

Prior to 2009, when it was seen as a quasi-legitimate group, Boko Haram could claim significant grassroots support. Under Yusuf, Boko Haram was able to tap into grievances over widespread poverty, government corruption, and ethno-religious competition for political power. Support for the group was also secured through Yusuf's distribution of welfare and jobs to unemployed youths who became members of his group.

As a militant insurgent organisation, Boko Haram has increasingly financed its operations through local criminal activities such as bank robberies, robbing cash-in-transit convoys, assassinations for hire, and trafficking illegal weapons and drugs. Boko Haram also employs large-scale extortion schemes. Boko Haram also extorts money from ordinary residents of areas it controls, as well as from persons whom they have intimidated into paying protection fees.

To a lesser extent, Boko Haram also receives foreign donations, including those from terrorist organisations. In recent years, investigations into money transfers have led to members of the Nigerian diaspora. Boko Haram has also intercepted charity funds headed into Nigeria. According to the U.S. Treasury Department, there is evidence that Boko Haram has also received small amounts of funding from AQIM. The estimated value of financial transfers from AQIM is in the low hundreds of thousands. Most analysts agree that funding from AQIM is limited and inconsequential relative to the funding that Boko Haram gets through its criminal activities. Boko Haram appears to manage its funds largely outside the banking system. It uses a system of couriers to transfer cash inside Nigeria and across the border to neighbouring countries.

Today, Boko Haram receives little support from northern Nigerian's. According to one recent U.S. government survey, only 5% of the population in the north professed support for the group. The loss of public support is evidenced by the increasing frustration and resentment of many Nigerians against the group's violent and destructive activities and by the establishment of community self-defence groups. What little active support the group does receive from the public is likely coerced. That said, fundamentalist rejectionist ideology still resonates strongly with a large segment of the northern population (nearly 20%). Many northern Muslims continue to share the movement's desire for stricter implementation of Sharia, or even for an Islamic state, and its hostility to federal authorities. The vast majority no longer believe that democracy, human rights, and a market economy offer a way out.

It is important to note that Boko Haram has also found virtually no support among northern elites, including traditional rulers and tribal leaders from the Hausa and Fulani ethnic groups. Perhaps the perceived dominance of the Kanuri within Boko Haram is an important reason for this. Any political support the group may have been receiving has also dried up. The Nigerian government's criminalisation of the group seems to have diminished the appeal of the group within political circles. According to some U.S. analysts, claims of continued support from political elites are most likely a means to neutralise opposition within the context of state politics.

The author concludes that certain elements within the Nigerian government have perverse monetary and political incentives to allow Boko Haram to continue to operate in the north. The rationale for this claim is made below:

- Leaders in each of the 36 states of Nigeria receive up to 715 million naira (\$4.5 million) per month as a "security fund," much of which is funnelled into personal bank accounts.
- The military has also been accused of dragging out the conflict in order to continue receiving large budgets. Some analysts argue that this money remains in the hands of military officials or has been distributed among security contractors.
- While they no longer maintain close ties, northern elites, including local government officials, are thought to manipulate Boko Haram, or at least exploit the situation to their political advantage. In January 2012, President Jonathan announced that Boko Haram had infiltrated the highest levels of politics and the military, and accused northern politicians of using the group to bring down his government. In similar cases, politicians have accused their rivals of being affiliated with or funding Boko Haram as a pretext for score settling.
- Some analysts have even speculated that President Jonathan would allow Boko Haram to wreak havoc in order to prevent millions of northerners from voting in the 2015 election, thereby guaranteeing his re-election.

Other

Munshi, N. (2018). Groups adapt to insurgency to tap Nigerian growth. *Financial Times*. <https://www.ft.com/content/b45be464-f940-11e8-af46-2022a0b02a6c>

This news report provides a snap shot of how private sector actors have adapted their activities to operate within the region. While security forces have taken back population centres from Boko Haram, much of the countryside, particularly in Borno state, remains insecure. Meanwhile, the army has closed borders to Niger, Cameroon and Chad, where merchants smuggled multinational goods bought legally in Maiduguri. But security has improved enough for business to rebound somewhat, particularly for those who have adapted to a crisis nearing its tenth anniversary that crippled the economy and left 2 million displaced and 27,000 dead.

Yaw Nsarkoh, head of Unilever Nigeria, comments that the north-east is one of its fastest-growing businesses in the country, which was one of the company's fastest-growing markets in the world. Revenues for the first nine months of 2018 rose 11% compared with last year, to N72.3bn (\$200m).

Coca Cola also remodelled its distribution system. The occupational safety manager, one of 11 in Nigeria run by the Nigerian Bottling Co, a subsidiary of Coca-Cola Hellenic, the drinks giant's second-largest bottler, has an additional role beyond preventing workplace injury: he is among those tasked with keeping track of the security situation throughout the Borno state and its capital. The company had adapted, comments Aminu Mohammed, a company spokesperson who previously worked at the plant, which is Maiduguri's last big production facility. Traders from further afield now travel to the state capital, often with military escort, to buy products at the wholesale market to distribute to more dangerous parts of the state.

Johnson, C. (n.d.). Reign Without Rule: Borno State in Northeast Nigeria. *Small Wars Journal*. <https://smallwarsjournal.com/jrnl/art/reign-without-rule-borno-state-northeast-nigeria>

This journal article probes the persistence of conflict within the north-east and suggest it is a product of historical indifference, politicking and desire for resource extraction. The citizens of Borno have historically been treated as an isolated population, tolerated rather than supported in a geographical space that was at the time of little economic importance to the government. Under the rule of Goodluck Jonathon a sentiment existed that there was simply no need to govern a region with nothing attractive to exploit. Or that had been a stronghold for the then opposition party, the All Progressives Congress (APC).

In contrast, the current government of Muhammadu Buhari, strongly supported by Borno's voters, has called for increased oil and gas exploration in Borno state. With this and the success of his political party, the APC, which won Borno in a landslide victory there is a political and economic reason to inject some semblance of responsive governance to Borno state.

For years, Boko Haram grew in the absence of visible state governance in Nigeria. Deficiencies in service delivery coupled with brutal security force response to any organised forms of dissent was a recipe to fuel terrorist growth in what had been for years an isolated border state of little economic or political importance to the Nigerian ruling class. The notion that a military victory alone could erase decades of neglect doomed early efforts to reverse battlefield losses by the

state. Its recent success, at least in isolating Boko Haram to a much smaller geographical area, was in part due to an awareness of its pre-conflict neglect of the region.

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