

The Niger Delta and oil exploration, Nigeria: lessons learned

Tunde Morakinyo and
Odigha Odigha, October
2009

NIGERIA -- CORE NIGER DELTA STATES



The environment of the Delta

- World's 2nd largest delta
- At 20,000 sq km: Africa's largest wetland and world's 3rd largest
- Freshwater swamp forests cover 8,600 sq km.
- Its 1,900 sq km mangrove forests are largest in Africa.
- 2nd largest forest in Nigeria after Cross River State
- Unique biodiversity such as Niger Delta red colobus, & Sclater's guenon monkey
- A breeding ground for fisheries from Guinea to Angola and further





SCIENCEPHOTOLIBRARY

The people of the Niger Delta

- Home to over 6 million people – with more than 1.5 million in Port Harcourt
- Very scattered population – 94% live in settlements of less than 5,000 people
- Most predominantly live on fishing and are nomadic
- Some are subsistence farmers on drier areas
- There is a big dichotomy between “upland” people and more marginalised “swamp” people





The oil of Nigeria

- Nigeria is Africa's 6th largest producer.
- Oil first produced in Oloibiri in 1958 by Shell D'Arcy
- JV model where govt typically owned 50% and companies 50%, - each put forward funds for development and shared the profits
- Oil production climbed steadily during the 60s, 70s, 80s and 90s



The role of companies and govt

- Oil companies produced oil and paid royalties to govt
- With few direct benefits to communities
- Govt supposed to use revenue to develop the Delta (schools, roads, security, etc) - reality was rather different
- Nigeria's Land & mineral laws place ownership in the govt
- So oil companies only looked to govt as stakeholders for many years
- and paid lip service to communities



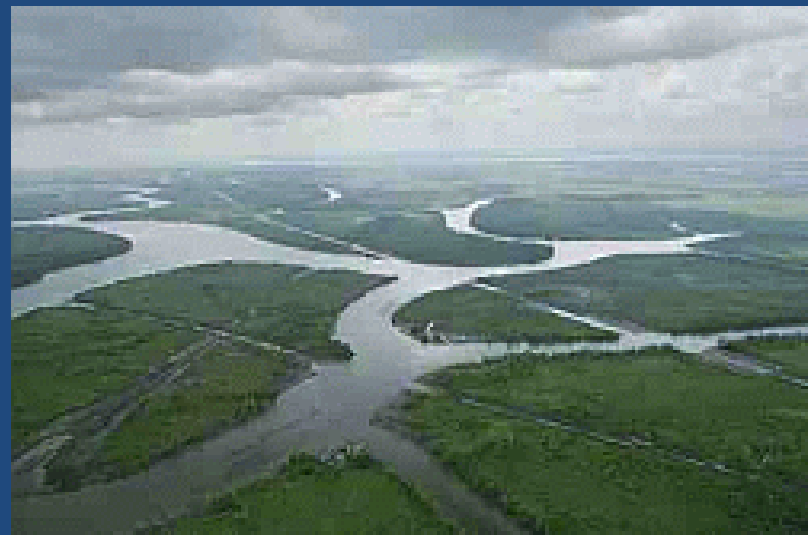
Dutch disease and the resource curse

- Oil replaced agriculture as Nigeria's main source of foreign exchange (over 95%)
- During 70s oil boom agriculture became uncompetitive - many left farming to seek oil related employment: "Dutch Disease"
- Co-dependent relationship developed between oil companies and govt that found it hard to regulate an industry producing most of its revenue
- This fed corruption and under-development: "Resource Curse"



Poor environmental performance

- little govt regulation on the ground meant – lead to weak oil company environmental controls
- Leading to much oil pollution
- Damage to water hydrology and salt water intrusion from oil construction is common
- Nigeria still emits 400million tonnes of CO₂/annum from gas flaring
- Result is extensive damage to fisheries and agriculture
- Terrible consequences for the already vulnerable



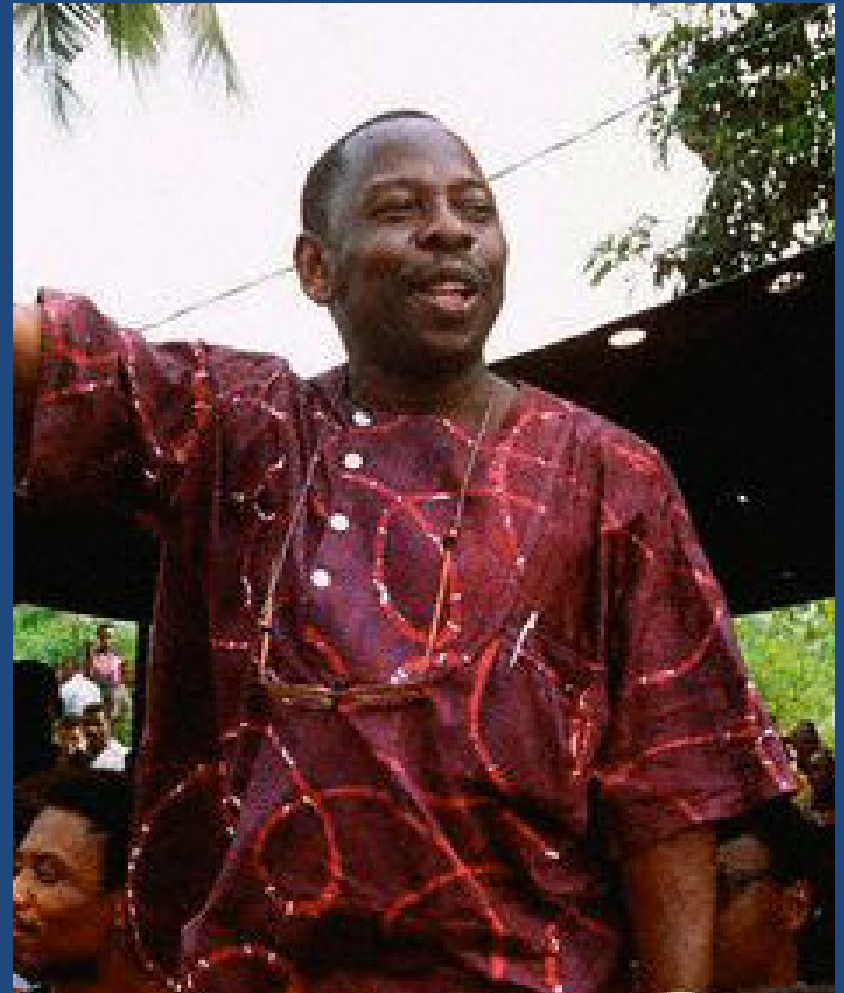
Equally poor social performance

- Communities expected benefits from oil their land
- But few from an almost absent government
- Companies then began “community development”
- Mostly infrastructure contracts for local “elite”
- This often compromise traditional structures & lead to social breakdown
- Still one of the lowest local content rates in the world
- still a disconnect between social and environmental performance



Ken Saro Wiwa and the Ogoni

- Pollution & human rights abuses in 1970 -90s & fruitless petitions led to Ogoni “bill of rights”
- In 1992, Ken (businessman & writer) addressed UN working group on indigenous peoples
- Began peaceful campaign for justice in Ogoni
- quickly spread - many killed as companies called mobile police
- Nov 1995:Ken hung by Abacha
- Community investment now a “must have” - but rarely genuine development based on capacity building and participation
- Companies now more aware of need for negotiation & reconciliation



The trap of violence and insecurity

- Companies changing but events are overtaking them
- Largely absent state & local government – no services
- Politicians gave guns to local gangs in 2003 elections
- Facilitated kidnapping and militancy funded by oil bunkering
- govt pitted against militants with oil companies in the middle.
- Oil bunkering part of an international crime network
- Little meaningful development, poor watching from the sidelines
- Nigerian's and foreigners are at risk from kidnappings and violence



Where did oil companies go wrong?

- Env./social performance peripheral to “core” business, underestimated “non-technical” risk”
- Little appreciation of environment & people relationships – management of env. impacts first and foremost!
- Did not place importance on engaging with local social fabric and building local capacity
- Reflected in no grievance policies, poorly coordinated stakeholder engagement
- Poor hiring policy/skills training, local content
- neglect of local government, CBOs and NGOs



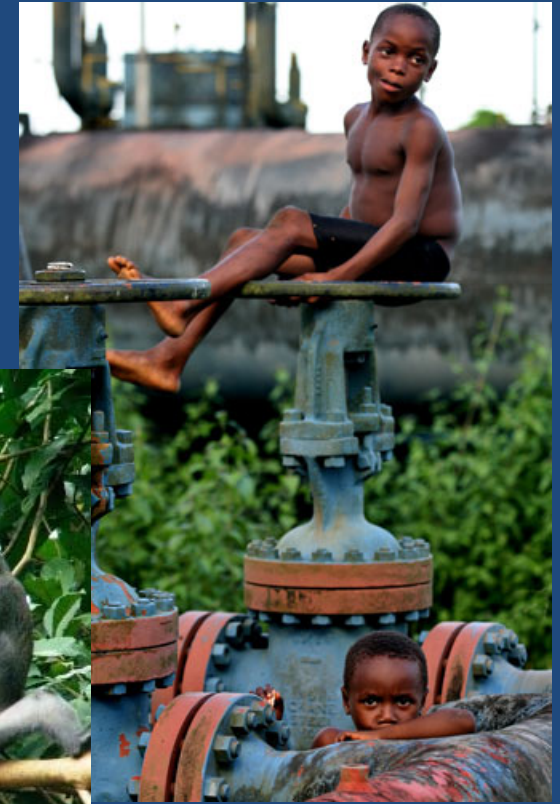
Where did the govt go wrong?

- Weak regulation of oil industry (environmental performance, local content, skills training, etc) - JV and regulator one and the same
- Almost absent service delivery: education, health, transport, security
- Joint venture model has failed: blamed for poor performance by companies
- Should have welcomed external scrutiny by civil society
- Weak local governance structures



Wither Niger Delta ecosystem and PES?

- Still rich ecosystem with many examples of community natural resources mgmt
- but little attention paid to Delta's valuable ecosystem
- Logging, hunting & over-fishing are also out of control
- No international env. NGOs, a few struggling local ones
- PES is almost impossible – disintegrating community institutions
- Tragedy given regional/global importance of Niger Delta
- Requires visionary leadership to chart a way forward



THANK YOU