

How Dependency Bedevils Development in the Niger Delta



April 02 2009

Development in the Niger Delta -
LaPin

Niger Delta Voices

- *Development efforts did not so much fail – they were never really made.*
 - Claude Ake
- *The Niger Delta states only inherited 13 per cent of the oil from the land, but inherited 100 per cent of the problems from the oil industry.*
 - Timipre Sylva, Governor of Bayelsa State
- *The most desirable and sustainable way forward is through an urgent development investment in the region, anchored on a **master plan**, supported by all stakeholders, with clear and acceptable roles, monitored transparently and backed by full enforcement of law and order.* - Basil Omiyi, Shell Companies in Nigeria

Niger Delta Voices

- *As a first step, let the government immediately embark on a **massive development bottom-up approach that will involve the communities themselves** and other stakeholders, especially the oil companies... the Niger Delta crisis is capable of consuming Nigeria as a nation is an urgent, sincere, concerted and all-encompassing solution is not found very quickly.* - Opposition Action Congress Party
- *These conflicts are a direct result of the **abandonment of these communities by their government** ... If their government took care of them they wouldn't be fighting over these little scraps and rewards from the oil companies.* - Anyakwee Nsirimovu, lawyer and journalist

People: “Development Emergency”

- 20 million oil-affected -- “Have’s and “Have Not’s”
- $\frac{3}{4}$ of local governments are below national HDI of .453 ‘06
- 76% of people surveyed perceive themselves as “poor”
- Infant mortality, a “health proxy” : 120/1,000 vs Nigeria at 100/1,000
- 40% of children malnourished
- HIV rates: 5.8% all; 8.9% 20-24 age group; both higher than Nigeria overall
- High unemployment: 40% in 15-24 age group

History of ND Development Institutions

- 1960 – 1966 Niger Delta Development Board
(response to the Willink Commission report)
- 1972-1994 Niger Delta River Basin Authority
(publicly owned water development company)
- 1982-1991 “The 1.5% Commission”
(Shagari – PTFNDD – 1.5% derivation)
- 1992-1999 Oil and Minerals Producing Area
Development Commission (OMPADEC)
(Babangida - managed 3% derivation)
- 1998 PTF & Popoola Committee Review
- 2000- Niger Delta Development Commission
(13% derivation; 3% OIC budget; 50% ecofund)
- 2008- Ministry for Niger Delta Affairs

Expensive juju

- Can of worms over billion naira voodoo

By HENRY UMAHI

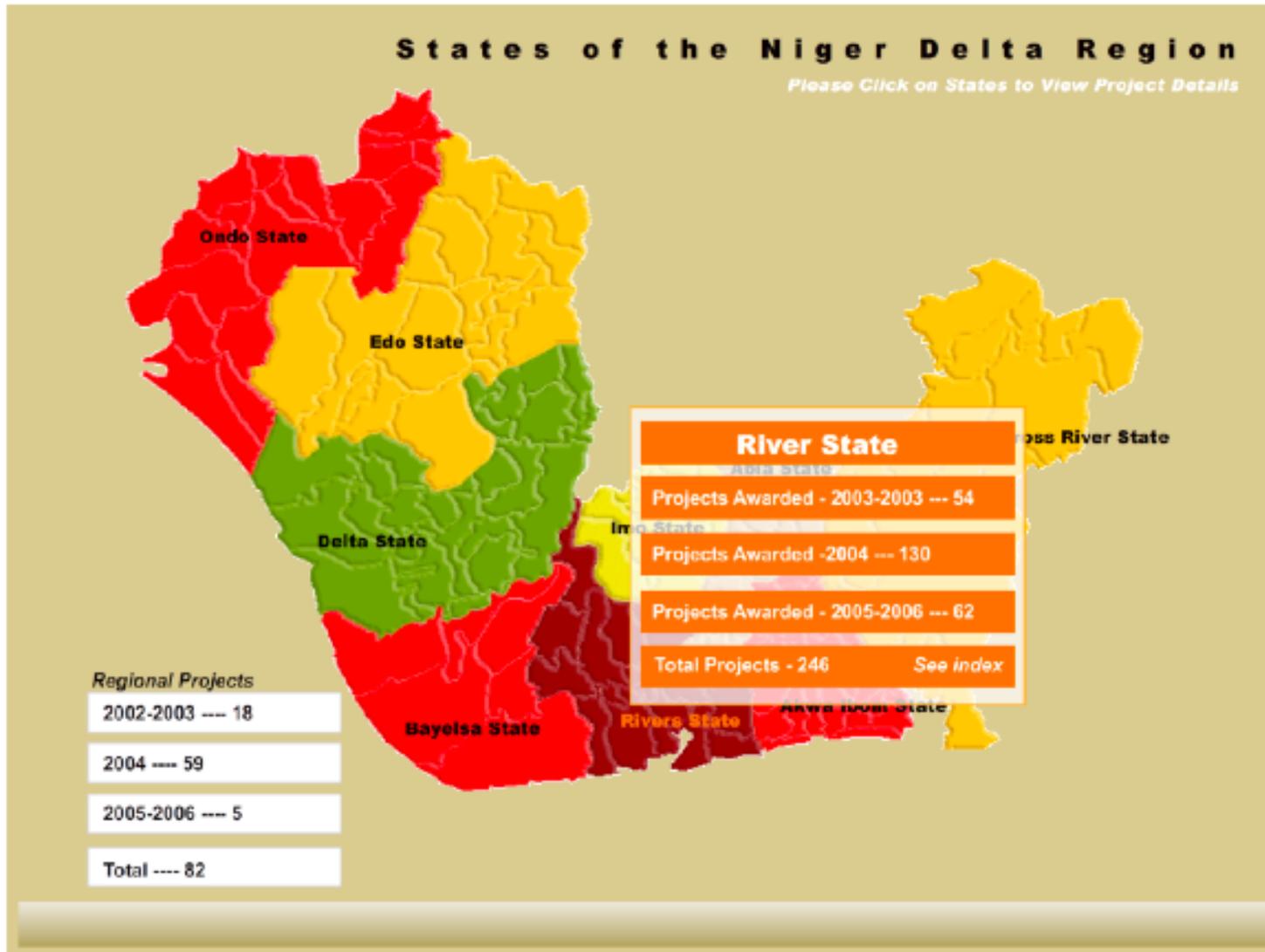
Saturday, August 9, 2008

It has all the characteristics of a Nollywood visual enamoured script. Even if it is, it paints an eccentrically spectacular movie picture bound to subdue home video faithfuls. Yet, it is not a make-belief offering. It is a true story still unfolding.

Niger Delta Development Commission

The Niger Delta Region

4/1/09 10:56 AM



Expensive juju, cont.

- Can of worms over billion naira voodoo

By HENRY UMAHI

The gist is that about N1million was invested in a voodoo project by a government official in a country where more than 80 percent of the population lives below poverty line.

At the centre of the storm is Mr. Sam Edem, a former diplomat and chairman of the Niger Delta Development Commission (NDDC) ... As the story swirls, Nigerians fired a tangle of questions. Could this be true? Where did he get the money? What manner of man would engage in juju at this age of religion explosion? What moral lesson does it teach? **Indeed, what does the revelation say of Nigerian leaders?**

MAP OF THE NIGER DELTA

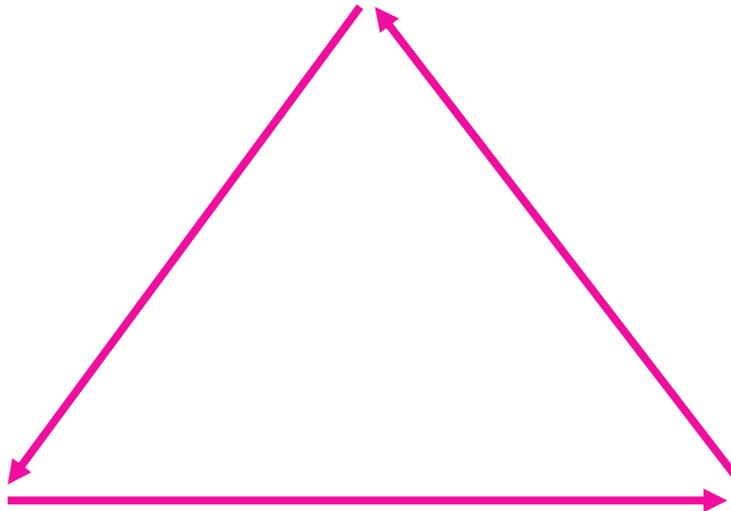


Resource Flows

Community
Development – Growth
Enabling Environment

**Productive
Sector**

Government
85% of revenues



Environment of Dependency

Federal Government
Central Resource Flows

company

ND: Culture of Discontent



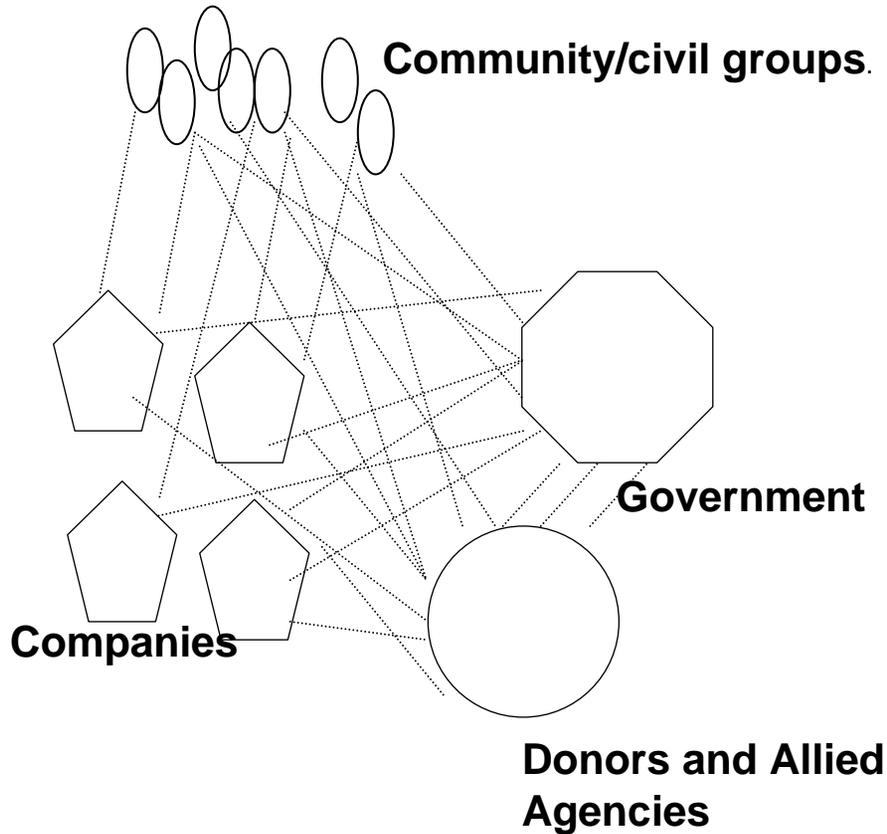
NDDC'S N3.8B ROAD CONSTRUCTION STALLED BY CRISIS

There are indications that an estimated N3.8billion road contract awarded by the NDDC in Ikot Abasi Local Government Area of Akwa Ibom State, has suffered serious set back. No thanks to incessant squabbles among the benefiting communities.

...the construction Firm suffered serious loses as its vehicles and equipment were indiscriminately seized while staff, particularly drivers and engineers were subject of attacks.
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Midweek Pioneer, Wednesday, November 19, 2008.

Development Actors



- Diverse Motives
- Competition for influence
- Need for coordination
- Some “soft” partnerships
- **Government is key player**

Federal Initiatives Pending

Peace before development

- Niger Delta Development Commission (2000)
- ND Regional Development Master Plan (2006)
- The “Presidential Initiative” (2007)
- The Niger Delta Summit (2008 - Aborted)
- The Niger Delta Technical Committee (2008)
- The Ministry of Niger Delta Affairs (2008)

State Development Agencies

- Delta: Desopadec (50% of derivation funds)
- Edo: Edosopadec
- Imo: Imosopadec
- Ondo: Osopadec (100%)
- Rivers State Sustainable Dev. Agency
- Bayelsa state - BSPI?
- Civil society monitoring and reporting***

Selected Donor Initiatives

Modest funding and scope; insecurity limits travel, supervision

- USIAD: PEPFAR, MARKETS, CALM, etc.
- GDA: Cassava Enterprise Dev. Pgm.
- DfID: Stakeholder Democracy Network, etc.
- World Bank: Bayelsa Governance Proj.
- EU: Micro-Projects Program (MPP)
- UNDP: HDR, Youth Empowerment, CDO training, DDR request

MPP3/6/9: Community-Driven Support from the EU

- Strict performance standards
- Executed by local NGOs
- Collective community choice; no pay-offs!
- Local participation – financial and in-kind
- Transparency: costs - web-site and signs
- Limited scope: 500+ projects

1998 Change: The “CD Way”



SPDC COMMUNITY INVESTMENT



Step Change: Community Development Plan (MoU)

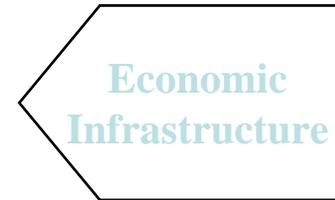
Puts the community in the driver's seat

- Participatory community development plan
- Captures diverse community interests
- Builds community confidence and capacity
- Huge management burden: 1,200 comm's
- Annual budget cycle limits commitment
- Improves relations only if faithfully executed

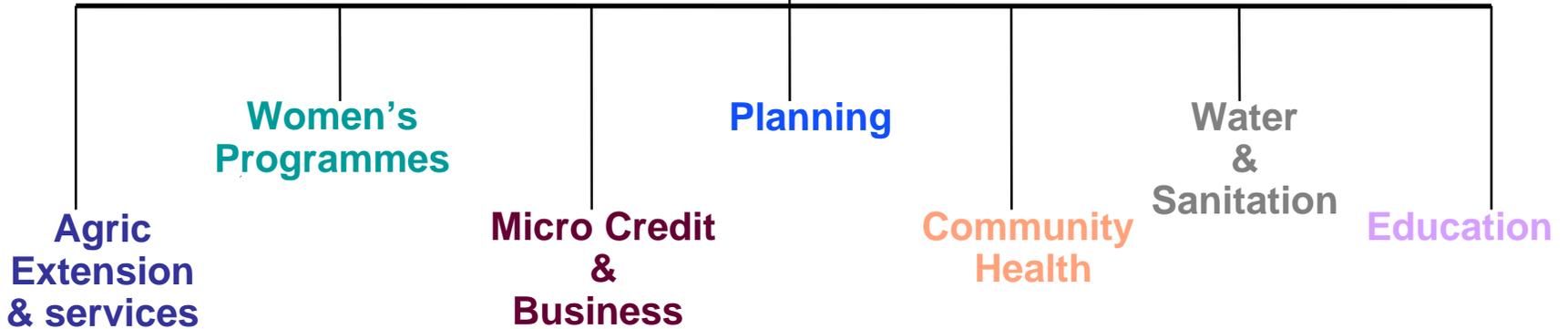
“Customer”



“Advocate & Marketing Manager”



“Products”





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Falling Returns

- 8th world producer & 4th supplier to US
- Capacity: 2.47 mbpd, OPEC quota 2.050 mbpd (1.673)
- Average daily production: 1.8 - 2 mbpd (current: 1.6)
- **Shell: once 1.2 mbpd -- now 300,000 bpd**

- Est. 25,000 youth join militant groups
- 5% + lost through “bunkering” (.1 - .3 mbpd)
- 1,000 annual deaths from violence
- Angola now challenging Nigeria as Africa’s No. 1 producer
- Price drop \$147 to around \$45
- Government revenues: \$40 bn 2009 from \$90 bn 2008

Revised Community Approach: Global Memorandum of Understanding (GMOU)

Community not only in the driver's seat: the car is now parked in their compound.

- Funding: multi-year community trusts
- Community driven plans
- Management: community clusters overseen by CD Boards or Regional Dev. Councils
- Local volunteer management burden
- Risk of elite capture: “like political parties”
- Low participation of women and youth
- New intermediate “governance” structure

**Community
Trusts (1200+)**

CBIO -- CDB (67)

**JV INTERFACE
POINT**

**Finance and
Resource Mgt.
Committee**

**Partnership,
Capacity Building
and
Communication
Committee**

**Conflict
Management
(Peace)
Committee**

**Technical
Committee**

Development

Relations
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Development

8 new Regional Development Councils were set up in late 2005 to implement CNL's new GMOU model

Committee Members

NDDC

State Government

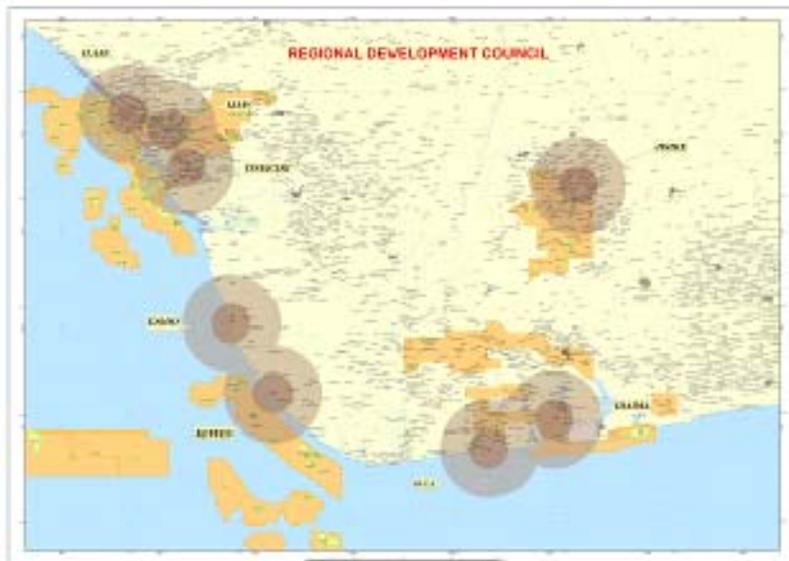
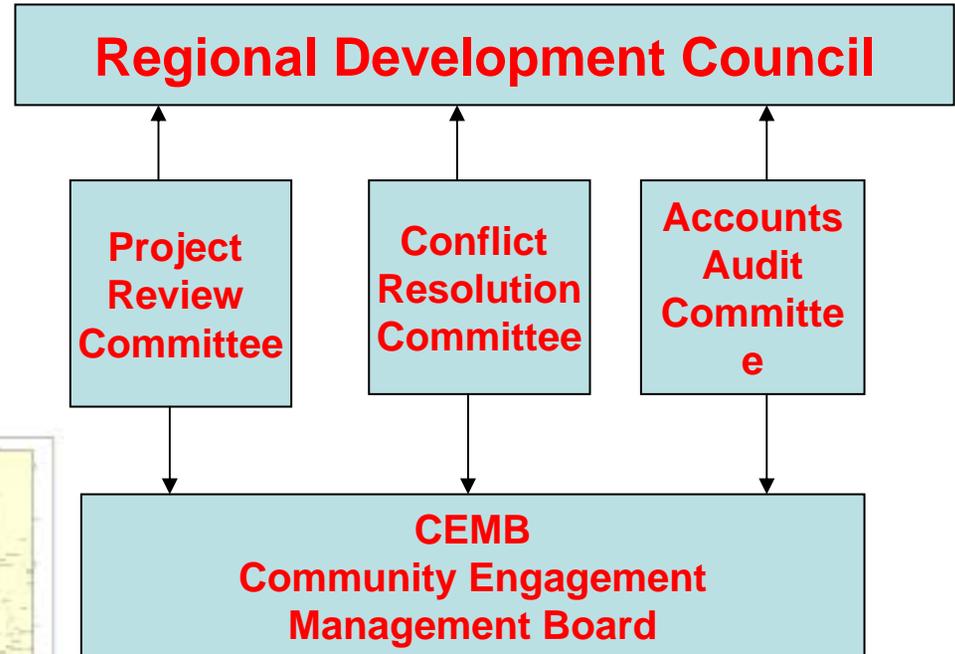
NNPC

RDC

Chevron

NGOs

Donors

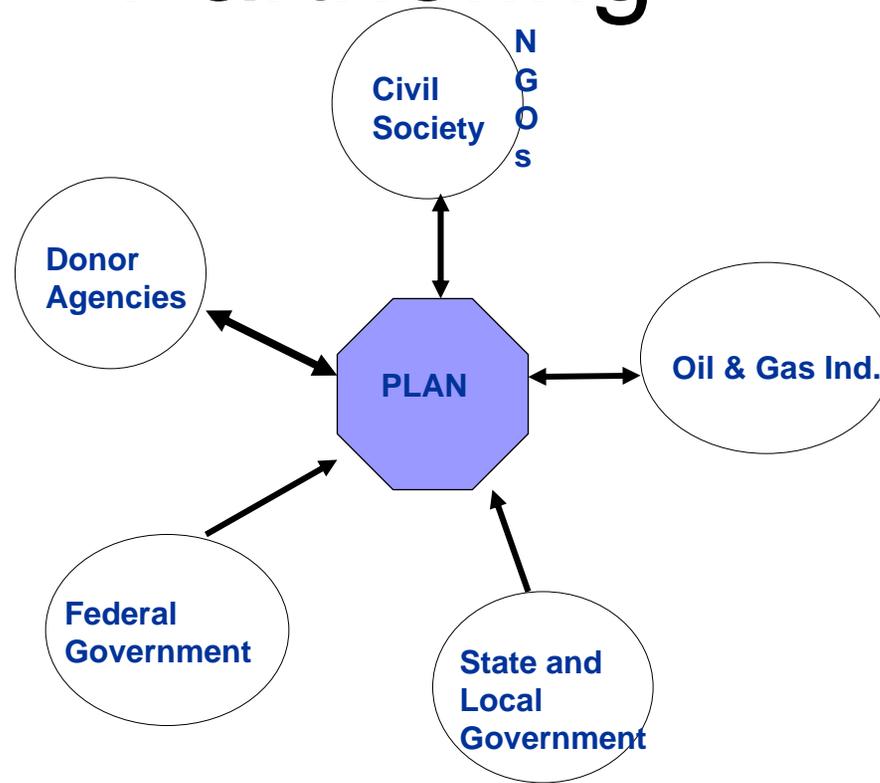


A)

the Niger Delta -

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Leverage the GMOU for Partnering



Flares Out Plan 2004

Flares Out Dates

Currently onstream

2005 - 2006

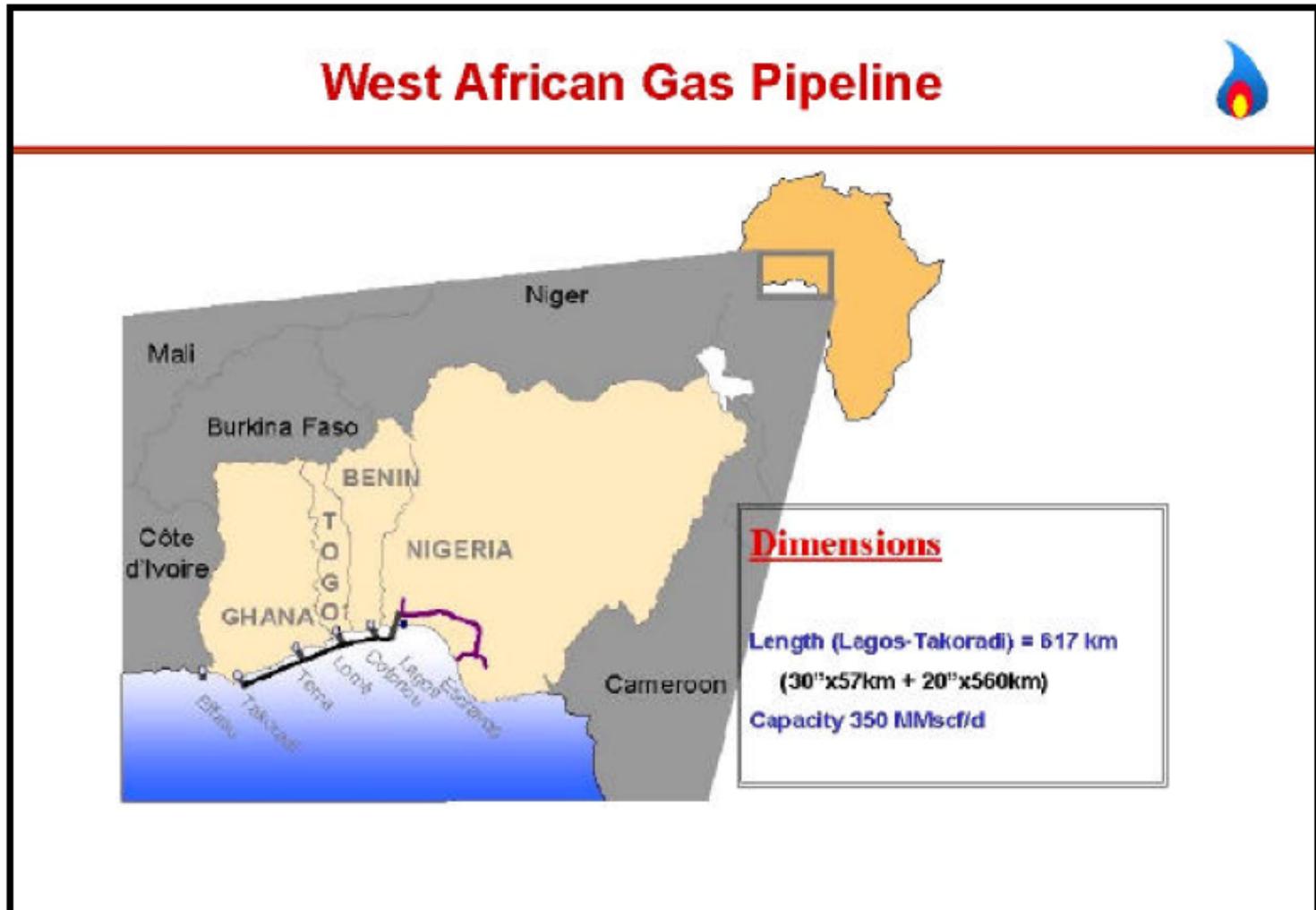
2007 - 2009



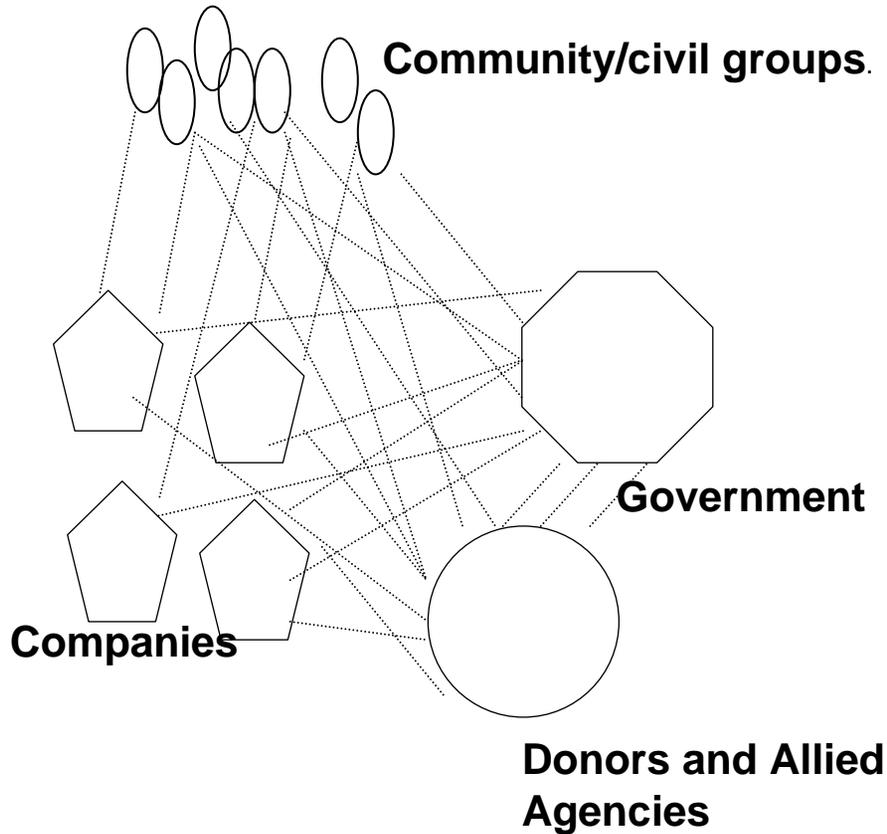
BIGHT OF
BONNY

SPDC's Flares Out Programme

West African Gas Pipeline Project (WAGP)



Development Actors



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“Leveraging” Core Business

- Local Content: staff, technical services, supply chain
- CAST: Community and Shell Together (2007) – enhanced community contracting
- Expanded training in science and technology to speed local recruitment
- Credit facilities for qualified local contractors
- Selling shares to communities: Eleme Petrochemical Company (Indorama)
- Granting oil blocks to incorporated community youth

ND Minister Meets the Oil Industry

January 31, 2009

- "Since inaccessibility to the oil bearing communities of the Niger Delta appears as a recurring decimal, we wish to advise that you consider the construction of roads to link up the oil communities
- “ ...if oil firms employ people from their host communities to do most of the jobs, which are sometimes given out to non-indigenes, the level of restiveness in those areas would be drastically reduced.

The Oil Industry Responds

A question received huge applause from every one present -

"If, like the honorable Minister said, it's now the responsibility of the oil companies to build roads, to build bridges, to build hospitals, I now ask a question: What is the responsibility of the Federal Government, the State governments, and the Local governments?" (Community Relations Manager of Addax Petroleum)

MEND Responds

- Some of the words spoken by the newly appointed Minister of Niger Delta Affairs, Obong Ufot Ekaette, are troubling. While he correctly charges the Oil companies with failing to live up to their agreements with communities and the nation, the minister at no point mentioned the role of the government in facilitating development and infrastructure construction implementation....

(Website Niger Delta Unrest: The home of the struggle for Justice in the Niger Delta)

Owning Development Results

Extraversion with a difference

- Mobilize coalitions that value development
- Demand government accountability
- Monitor and report on expenditure
- Build a political economy of public goods
- Enlist the support of partners