

POLLUTION AND POVERTY IN THE NIGER DELTA REGION – WHAT IS THE RESPONSIBILITY OF OIL COMPANIES IN NIGERIA?¹

By

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INTRODUCTION

That the Niger Delta region is the seat of oil and gas production in Nigeria placing the nation as the 9th leading oil producing country in the world is no longer news. The region is also endowed with abundance of several other renewable and non-renewable resources, including wild fisheries and alluvial soil with great potentials for bumper agricultural production. Oil production in the Delta started in 1956 with the industry, consistently, expanding overtime.

Available records from 1976 to 2001 showed that, the Niger Delta region experiences an average of 273 oil spills, annually, resulting to about 115,000 barrels of crude oil spilled into, the already fragile environment (each year). The above rates of oiling apparently, makes the Delta the most vulnerable area to oil spill than anywhere else in the world. These spills and other environmental threats associated with oil production in the region, tremendously, disrupt ecosystem stability and traditional livelihood structures of host communities. Deliberate disregard for international best practices is one key element responsible for the high degree of oil pollution in the Niger Delta basin.

From the outset of oil production in Nigeria, the oil Trans-National Corporations (TNCs) had the erroneous presumption that as long as they have been able to satisfy the conditions for issuance of operational license and the subsequent payment(s) of various taxes to the Federal Government of Nigeria (FGN), then they have no obligations to develop oil-producing communities with the apparent near-zero level of corporate social responsibility (CSR). On the other hand, host communities in the Delta feel that the oil TNCs owed them some pay-back development and alternate means of livelihood, having exploited their wetlands as wealth-lands that were in the end transformed to or abandoned as wastelands. The above parallel conceptions have resulted to various degrees of community-company conflicts in the region, and in worst case scenarios the loss of social license to operate in the community; as has been the case of the Shell Petroleum Development Company of Nigeria Limited (SPDC) in Ogoniland of Nigeria.

Thus, the oil TNCs have realized that besides the 'FGN's legal license to explore and exploit oil in the region, direct investments into the host communities through pragmatic CSR projects was necessary to maintain good community relations and the social license to have hitch-free operations. The approach of the oil TNCs and the types of CSRs evolved from poorly managed and less impact Community

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Assistant (CA) in the 1980s, and Community Development Programmes of the '90s down to the current concept of Global Memorandum of Understanding (GMOU) that is yet to be adhered to religiously in cases where such have been signed with the communities. The later scheme being experimented by SPDC and Chevron derives its framework from the Akassa Model, a development initiative of Pro-Natura International (PNI, a local non-governmental organization) in the Akassa area of the Niger Delta, using funds provided by Statoil Hydro.

THE NIGER DELTA

Nigeria has a coastline of, approximately, 853 km bordering the Atlantic Ocean in the Gulf of Guinea. The Nigerian coastline is interrupted by series of estuaries that form the Niger Delta swamp at the middle where the lower Niger River system drains the waters of rivers Niger and Benue into the Atlantic Ocean. The Niger Delta is the third largest wetland in the world and boasts of the fourth largest mangrove area. The Delta is home of extraordinary biodiversity (some of which are endemic) and is also endowed with several mineral deposits such as marble, barites, limestone, sand and gravel, etc. For many decades now, the petroleum industry in the Niger Delta has remained the backbone of the Nigerian economy, accounting for over 90% of the country's total foreign exchange revenue (Niger Delta Regional Development Master Plan, 2006).

OIL PRODUCTION IN NIGERIA

The Niger Delta of Nigeria has been identified as a gas region with some oil in it (Adeyemo, 2008). Between 2005 and 2006, crude oil reserves in Nigeria increased from 25 to 35 billion barrels, respectively, while the natural gas reserves increased to 187.5 Tcf. According to Chukwueke (2006), out of the 35 billion barrels of crude oil reserves in Nigeria, 28 billion barrels is found in the Niger Delta and 7 billion in the deepwaters.

Although crude oil was first struck in Nigeria in 1956 at Oloibiri in the present day Bayelsa State (central Niger Delta), commercial exploration and exploitation only began in 1958. The country operates a Joint Venture (JV) with the TNCs. The FGN, through the Nigerian National Petroleum Corporation (NNPC), owns 55% share in the JV; SPDC 30%, ELF Petroleum Nigeria Limited (a subsidiary of TotalFina) 10%, and the Nigerian Agip Oil Company (NAOC) the remaining 5%. Table 1 below shows the physical presence of the oil industry in the Niger Delta. As at 2005, Nigeria's daily production of crude oil reached 2.2 million barrels (b.p.d.) and was still on the increase. In recent times, however, production rates keep fluctuating due to insecurity occasioned by threats from local militias and continual agitations for better operational standards by self-styled freedom fighters in the region.

The FGN declared an amnesty from August 4, 2009 to October 4, 2009 for the militants most of whom willingly laid down their arms. The disarmament exercise had expired and was celebrated as a huge "success?" because various commanders of the Movement for the Emancipation of the Niger Delta (MEND), surrendered their arms and ammunition and in the process renounced militancy. Hitherto, MEND had claimed responsibility for launching several successful attacks on oil facilities in the Delta. Since the expiration of the amnesty period on October 4th, 2009, oil

production output has been increasing, and would remain so if the post-disarmament era is properly managed by the FGN!

Table 1: The physical presence of the oil industry in Nigeria.

1) Land area within which the networks of pipelines are located	31,000 km ²
2) Number of oil wells drilled	5,284
3) Number of flow-stations	257
4) Length of main oil and gas pipelines in the region (flowlines between oil wells and flow-stations not included)	7,000 km
5.) Number of export terminals	10
6). Number of communities hosting oil/gas facilities	1,500

Source: After Steiner (2008)

NIGER DELTANS: WHAT DO THEY LIVE ON?

The rich alluvial soil of the Delta coupled with copious webs of fresh and salt-water bodies provide the necessary incentives for the peoples who are, predominantly, farmers and fishers. Loubser (1995) defined livelihood as the totality of means by which people secure a living, have or acquire in one way or another, the requirements for survival and the satisfaction of needs as defined by the people themselves in all aspects of their lives. According to the UNDP (2006) Niger Delta Human Development report, the environment is very important for the Niger Delta people where 60% of the population depends on the natural environment – living and non-living – for livelihoods. The degree of dependency upon one livelihood structure or the other will be a determining factor for how a household is affected when the proceeds from that activity are blocked. Regardless of the conditions that tend to limit the socio-economic opportunities available to a large proportion of the population, people will (out of necessity) look for means to ensure their survival needs were met (Olawoye, 2000).

As oil-related poverty deepens in the Delta, it is not surprising to note a gradual shift from the age-long sustainable methods of resource exploitation to the present short-term unsustainable means of livelihoods where available resources are over-exploited at the expense of the survival of the future generations. For instance, with declining wild fisheries and the increasing demand for fish by an ever increasing population, some unscrupulous fishermen use explosives such as dynamite to kill fish. Fishing with dynamite is non-selective – that is, it kills fish belonging to all age classes. Blast fishing also impact negatively on the structure and quality of the environment as well as remains a very high risk hazardous act that could render the user impotent or paralyzed should the blast is mistakenly made when still in the hand of the fellow.

Besides the problems of massive mortalities arising from oil spillages, nypa palm spreading and clearance for development purposes, mangroves in the Niger Delta are increasingly over-harvested. The cutting of immature mangroves as firewood does not guaranty production of seedlings needed for mangrove expansion and replenishment, and ultimately, disrupt traditional livelihoods that depend on

mangrove resources and ecological services. In a special CNN documentary tagged "*Hopes and Anger in the Niger Delta*" aired on January 8, 2009, I posited that: "the rate at which mangrove resources are exploited in the Niger Delta is capable of causing conflict, because there's the possibility of one community pushing into another community's mangrove area to exploit the resources".

Furthermore, there are indications that recent adaptive responses to the interplay of unemployment and erosion of traditional livelihood structures by some youths in the Delta include engaging in various acts of oil theft (Zabbey, 2009). These range from illegal bunkering to the once flourishing 'condensate fuel' theft at Soku terminals, and presently booming 'local refineries' within the land- and seascape. The latter involves stealing crude oil from criminally drilled holes on oil pipelines, and refining the crude oil so stolen by usually difficult to control heating in locally crafted drums, having been added with some chemical additives. Diesel is the principal output of the above artisanal distillation process. Aside from the criminality of it, the entire process of illegal oil bunkering and artisanal refining is laden with uncontrollable oil spills into the environment, killing plants and animals that community livelihood depend upon.

FREQUENCY OF OIL SPILLAGE IN NIGERIA

According to Steiner (2008), oil spills in the Niger Delta have been extensive, difficult to assess (?) and often under-reported. In my opinion, one uncomplimentary value shared by the bulk of oil companies operating in Nigeria is the deliberate under-reporting of the actual environmental impacts of such oil spills. This is, especially, so with those resulting from equipment failures, human errors, corrosion, and so on in terms of volume of crude oil spilled into the already fragile and over-stretched ecosystem. Government and the operating companies maintain their own data on spills but these cannot be considered reliable as both the Government and operators seek to limit their legal liability for commensurate claims and compensations from oil spill damages (Steiner, 2008). In worst cases, oil spillages in the Delta are never reported or merely branded minor without minimum post-spill containment, recovery and remediation responses.

Records between 1976 and 2001 alone indicate that 6,817 oil spills occurred in Nigeria resulting in the loss of, approximately, three million barrels of oil (UNDP, 2006). This represents an average of 273 oil spills and 115,000 barrels/year spilled in the Niger Delta during the aforementioned period. However, SPDC's report for the period 1990-2007 has it that a total volume of 284,000 barrels of oil were spilled or about 28,000 barrels were spilled/year. In a related report by IUCN/CEESP (2006), it was shown that between 9 and 13 million barrels of oil were spilled into the Niger Delta ecosystem over the past 50 years. Some notable oil spills (with years) recorded in Nigeria include Bomu 11 oil well blowout (1970), GOCON's Escravos spill (1978), Forcados Terminal Spillage (1980), Oyakama pipelines spill (1980), Texaco Funiwa 5 blow out (1980), Abudu Pipeline Spill (1982), Ikata Pipeline Spill (1984), Okoma Pipeline Spillage (1985) and Oshika Pipeline Spill (1993), the massive Oloibiri Well 14 oil spill (2004), and very recently, Bodo oil spills (August 2008 and February 2009) and K. Dere spill (April 2009).

OTHER SOURCES OF OIL CONTAMINATION IN NIGERIA

1. Discharges from nearshore operations.
2. Urban and industrial effluents discharge.
3. Ballast water from oil tankers.
4. Accidental spills during loading.
5. Equipment failure at loading sites.

IMPACT OF THE OIL INDUSTRY ON THE ENVIRONMENT

The Niger Delta is densely populated by about 20 million persons. The density in the region continues to expand as oil operators recklessly occupy available lands, and as people, often times, are forced to migrate when hitherto residential areas become inhabitable due to industrial mess. Oil exploration by seismic companies involves surveying, clearing of seismic lines and massive dynamiting for geological excavation (seismic testing). A thorough review of the environmental impacts of the oil industry in Nigeria would take up an entire book. This is because, virtually, every aspect of oil exploration and exploitation has deleterious effects on the ecosystem's stability and local biodiversity – which the peoples' livelihoods depend upon (Zabbey, 2005). Thus, UNEP (2006) cited in Steiner (2008) summed the impacts of Oil spill in the Niger Delta as follows:

1. High mortality of aquatic animals.
2. Impairment of human health.
3. Loss of biodiversity in breeding grounds.
4. Vegetation hazards.
5. Loss of portable and industrial water resources.
6. Reduction in fishing and farming activities.
7. Poverty, rural underdevelopment and bitterness.

Extensive mangrove area in the Delta have been converted for one form of oil facility or the other, or degraded by oil pollution. The Niger Delta boasts of the largest mangrove belt in Africa and the fourth largest in the world (Nandy and Mitra, 2004). Mangroves provide coastal communities with about 46 ecosystem goods (seafood, fuel wood, dye, stakes, and so on) and 9 ecological services to other productive ecosystems (such as coral reef) in the seascape, and for man. No doubts, mangroves are a strong livelihood support-base of the Delta inhabitants, and I have argued elsewhere (Zabbey, 2008) that mangroves are to the local communities what taxes are to national governments! Studies have also shown that 60% of fishes in the Gulf of Guinea breed in the mangroves of the Niger Delta. A cursory look at the area of mangrove converted in Rivers and Bayelsa States alone for oil development illustrates the depth of erosion of communal livelihoods that have taken place (Table 2).

Table 2: Mangrove conversion in Rivers and Bayelsa States of Nigeria by SPDC alone.

Activity	Area covered
1) Seismic line	66,000 km
2) Drilling	349 sites
3) Flowline	700 km
4) Pipeline	400 km
5) Flowstation	22 sites
6) Terminal	1 site

Source: World Bank (1995)

Scientific and socio-economic data abound that corroborate UNEP (2006) observations above. The explosion of dynamites in water bodies produces narcotic effects and, readily, outright mortality of fish and other fauna. Mortal damages arising from dynamite shooting is non-selective, killing all stages of fishes and other edible and non-edible living materials within the system. Powell (1988) studied impacts of the GENECO barge, Ikata, Okoma and Oshika oil spillages on fish and fisheries and reported a 50% reduction in fish abundance, total loss of species lacking accessory air-breathing organs and major loss of species without any obvious physiological pattern. Moreover, oil buried in sediments due to tidal pumping undergoes resurfacing, having long-term sublethal impacts on growth, reproduction, predator-prey behaviour, diseases outbreak, etc on biological communities including potential seafoods. Studies on Water quality, species composition and abundance of phytoplankton indicated that the condition of Ejamah-Ebubu Swampland polluted in 1970 had not improved significantly (Hart *et al.*, 2006).

In a study on the impact of gas flaring on the environment by Okezie and Ekeke (1987), it was found that about 100% loss in yield of all crops cultivated occurred 200 metres away from Izombe flow station; 45% loss in yield of crops planted 600 metres away, and 10% loss for those cultivated one kilometer away from the flare point. And to know that most inhabitants in the rural areas where most of the oil facilities are located are farmers and fisher folks makes the scenario even more worrisome as there are significant losses in their livelihoods even as far as one kilometer away from the source of the pollution. In a recent study, Anyanwu and Tanee (2008) observed dramatic reductions in cassava yield parameters (growth, fresh weight of shoot and tubers, total fresh weight, and so on) in the Niger Delta due to oil pollution.

Corporate Social Responsibility (CSR)

The concept of CSR has generated a lot of debate in economics and management science, and in respect of its application the world over (Lunga and Mulenga, 2005). Kreitner (1995 cited in Lunga and Mulenga, 2005) defined CSR as the notion that corporations have an obligation to constituent groups in society other than stockholders and beyond that prescribed by law or union contract. The central issues in CSR, therefore, are (but not limited to) accountability, local economic

development, community involvement, the environment, ethics, governance and human rights (Lunga and Mulenga, 2005).

OIL TRANS-NATIONAL COMPANIES IN THE NIGER DELTA: A SCORECARD FOR CORPORATE SOCIAL RESPONSIBILITY

Multi-national oil corporations operating in Nigeria have different CSR policies and variable practical commitments to the investment in social capital development. It is, therefore, difficult to make a general evaluation without discussing specific company scorecards. In my opinion, CSR underperformance is one common feature shared by all the oil TNCs in the Niger Delta; especially comparable to what the same firms are doing elsewhere in the world. This, I, attribute to weak governance system in Nigeria that had paved way for double standards and disrespect for human rights.

SPDC's track records on CSR in the Delta can suffice, and reflect the extent of commitment to CSR by the oil TNCs in the region; SPDC being the largest foreign operator of Nigeria's joint venture. SPDC's operations cover 30,000 km² of the Niger Delta. Its infrastructure includes over 6,000 km flowlines and pipelines, 90 oil fields, 73 flow stations and 2 major oil export terminals at Bonny and Forcados. SPDC has over 700 community neighbors spread across seven states of the Niger Delta (SPDC, 2008). It seems SPDC did not have any definite programme for investing in human and infrastructural development of host communities from the outset. In the late 1960s, it launched minor agricultural initiative in the Ogoni area, involving helping pre-selected farmers improve their farming techniques. The project was implemented at the elitist periphery of the communities that never trickles down for adoption.

In the '80s, SPDC introduced Community Assistant (CA) programme. Under the CA scheme, few communities were provided with borehole water, landing jetties and "roads". Sadly, it is on record that, virtually, every road built then was not for community use, but to provide access to SPDC facilities such as well-heads and flowstations. The CA scheme was dead on arrival because community consultation was relegated to the background as to what the latter's priorities were, and such dumped development end up not being used by community folks.

According to an SPDC (2008) report tagged 'investing in the future of the Niger Delta', internal company (SPDC) review indicated that the CA intervention projects had short-term benefits. This led to a change from CA to Community Development (CD). In my opinion, CD was simply a change in nomenclature from CA since the former was also run without community engagement, and lacked ownership ingredient that is necessary for sustainability. SPDC posited that the CD concept hung on two pillars: 1) the use of participatory development technique, and 2) a focus on building community capacity to manage their own development.

In reality, however, the projects were mainly controlled from within SPDC, with contracts exclusively awarded to individuals and companies as part of a patronage network. Premium emphasis was placed on payment of funds to the contractors rather than on project implementation and service delivery. Expectedly, many projects were abandoned or not initiated at all and yet, fully paid for according to

the records! Most importantly, many of the projects that were executed were not necessarily the priority of communities.

AKASSA MODEL AND THE DEVELOPMENT OF GLOBAL MEMORANDUM OF UNDERSTANDING (GMOUS):

Statoil Hydro, a Norwegian oil company operating offshore of the Niger Delta, initiated a relatively successful community empowerment scheme in the Akassa area of Bayelsa State since 1997. The company had identified communities in the Akassa area that were most likely to be affected by any oil spills from her deepwater operations, and engaged the services of Pro-Natura International (PNI, a local NGO) to drive the community empowerment scheme. This resulted in an inclusive approach embracing 19 communities and 124 fishing ports that were grouped into a cluster, the Akassa Development Area. The project supported smaller development projects, such as microcredit. In 2005, SPDC developed a community development programme tagged the Global Memorandum of Understanding (GMOU) similar to the Akassa model. The GMOU is also being utilized by Chevron. It seems a bottom-up approach of community development (community trust – cluster development board), if properly funded and managed. Each signee communities constitute community trust (usually selected credible members in the community), with each community trust having a chairman, secretary and at least three members. The Chairman and Secretary of each community trust are automatic members of the Cluster Development Board (CDB) –CDB is an amalgam of Community Trusts in an area. The CDB also has representative of the oil company, local government, state government, the Niger Delta Development Commission, NGO, and if possible, an international funding organization. Projects are prioritized at the community level and communicated through their respective Community Trust to the CDB, while the projects are implemented by contractors approved by the communities themselves.

WHAT THE COMMUNITIES WANT

Communities in the Delta expect the oil companies to be responsive and responsible by attending to key issues that would assure them social license to operate. These include, but not limited to the following:

- Encourage full participation of host communities in project planning, implementation, monitoring and evaluation,
- Maintain communication with all social segments of host communities in order to know and address their needs,
- Conduct community development programme which applies world standards of practice to serve host communities,
- Protect the environment and pursue the goal of no harm to people through their activities,
- Consult with all stakeholders and publicly report on performance,
- Promote best practices in the industry,
- Provide basic infrastructures such as roads, electricity, water and sanitation,
- Support healthcare by providing drugs supplies, Health centres, and so on, and
- Initiate capacity building programmes, and employ qualified indigenes.

Thank you for listening!

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