

ENVIRONMENTAL AND RESOURCE CONFLICTS IN THE NIGER DELTA: AN IMPEDIMENT TO NIGERIA'S TRANSITION TO THE GREEN ECONOMY

By

Adekoya, Adebajji

Shell Petroleum Development Company, Nigeria

(Patrick.Adekoya@shell.com)

Abstract

Funding for Nigeria's strategic economic reform agenda that could guarantee its transition to an industrial green economy comes solely from oil revenue. But Nigeria's oil rich Niger delta is enmeshed in conflict that exhibits environmental, resource and political dimensions, which has resulted in consistently declining oil revenue. Yet, government policy proposals, plans and programmes for addressing the conflict, regional development and economic transformation have not been subjected to strategic environmental assessment. Implementation of strategic environmental assessment of oil & gas exploration activities in the Niger delta could bring out fundamental environmental aspects for which regional plans for environmental sustainability could be developed to better manage the impact of oil & gas exploration on the overall environment. This will assure improved environmental performance and eliminate a key driver of conflict in the region thereby enhancing the prospect of Nigeria's transition to the green economy.

Introduction

The Nigerian economy is dependent on agriculture and exploitation of non-renewable natural resources such as hydrocarbons, bitumen, iron ore and other solid minerals. The discovery of crude oil in 1958, subsequent oil boom in the 1970s and the industrial revolution of the same period all combined to set the stage for gradual decline in agricultural production. Today, Nigeria depends on oil revenue for 95% of national income and foreign exchange earnings¹

Nigeria is the world's 11th largest oil producer pumping well over 2 million barrels into the international market daily². All of Nigeria's oil and gas resources is found in the densely populated Niger delta wetlands. The region is therefore strategic to national aspirations with consequences of environmental degradation in efforts to maximally extract the abundant natural resources especially oil and gas.

Sustained exploration and production activities in the Niger delta without well conceived strategic and/or holistic plans for managing the impacts of these activities in a structured manner in the long term, coupled with climate change have resulted in unplanned and undesirable environmental consequences, stiff competition for natural resources and social upheavals. As a result, the Niger Delta has become an unstable area of Nigeria where access to oil revenue is the trigger of violence³.

Government effort to improve economic performance and achieve transition to the green economy may be truncated unless oil revenue required to prosecute reforms and programmes of economic diversification is assured. Since oil revenue remains the main source of national income, it behoves that a just and equitable resolution of the Niger delta conflict is at the heart of Nigeria's transition to the green economy.

'IAIA10 Conference Proceedings'

The Role of Impact Assessment in *Transitioning to the Green Economy*
30th Annual Meeting of the International Association for Impact Assessment
6-11 April 2010, International Conference Centre Geneva - Switzerland (www.iaia.org)

Creative tension over dismal economic indices

The discovery of oil in Nigeria in 1958 and subsequent independence from colonial rule in 1960 ushered in an extra-ordinary opportunity for the agrarian nation to tow the path of growth and sustainable development. First because oil revenue provided huge resources for investment in infrastructure and sustainable development programmes to achieve rapid economic transformation and become a global economic powerhouse. Also, oil and gas offers a more efficient, cleaner, safer and less carbon intensive source of energy required to drive economic and industrial development compared to coal, heavy oils and firewood.

Following several years of military rule, ineffective planning and poor economic management, Nigeria experienced a prolonged period of economic stagnation, rising poverty levels, and the decline of its public institutions. Also, widespread corruption undermined the effectiveness of various public expenditure programs⁴. The socio-economic impact of decades of economic stagnation on the Nigerian populace has been severe. About 84% of Nigerians live below the poverty line surviving on less than \$2/day at 2005 PPP⁵. Unemployment, lack of access to primary healthcare, potable water and basic social amenities have become commonplace.

Table 2: Selected Data on Infrastructure in Nigeria

Infrastructure	Nigeria	South Africa	SSA	LIC	HIC
Electric power consumption kW per capita (2001)	82	3,793	456	317	8,421
Road-to-Population Ratio 1000km per million people (1995-2001)	1.1	8.5	2.6		
Paved primary roads – percent of roads (1995-2001)	30.9	20.3	13.5	16	92.9
Access to sanitation – percent of population (2000)	54	87	54	43	
Access to safe water – percent of population (2000)	62	86	58	72	

Source: Okonjo-Iweala & Osafo-Kwaako (2007)

Furthermore, lack of public investments in previous decades has led to severe infrastructural bottlenecks that hindered private sector growth. In particular, the poor condition of the power sector prior to economic reforms illustrated the severity of Nigeria's infrastructure deficit. Per capita power consumption in Nigeria was estimated at 82 kilowatts (kW) compared with an average of 456kW in other sub-Saharan African countries and 3,793kW in South Africa.

The Envisioned Green Economy for Nigeria

Nigeria's envisioned green economy is summed up in the Vision 2020 Initiative launched in 2007 with its cardinal goal explicitly stated as follows: *"By year 2020, Nigeria will be one of the 20 largest economies in the world able to consolidate its leadership role in Africa and establish itself as a significant player in the global economic and political arena"*. Figure 1 contains the indicative parameters set for the Vision 2020 Initiative.

Figure 1: Indicative Parameters for Vision2020

Polity	By 2020 the country will be peaceful, harmonious and a stable democracy.
Macro-Economy	A sound, stable and globally competitive economy with a GDP of not less than \$900 billion and a per capita income of not less than \$4000 per annum.
Infrastructure	Adequate infrastructure services that support the full mobilization of all economic sectors.
Education	Modern and vibrant education system which provides for every Nigerian the opportunity and facility to achieve his maximum potential and provides the country with adequate and competent manpower.
Health	A health sector that supports and sustains a life expectancy of not less than 70 years and reduces to the barest minimum the burden of infectious diseases such as malaria, HIV/AIDS and other debilitating diseases.
Agriculture	A modern technologically enabled agricultural sector that fully exploits the vast agricultural resources of the country ensures national food security and contributes significantly to foreign exchange earnings.
Manufacturing	A vibrant and globally competitive manufacturing sector that contributes significantly to GDP with a manufacturing value added of not less than 40%

To attain this overarching goal of reaching the top 20 economies by year 2020, the government kick-started reform programmes to enhance her economic development performance based on a well articulated Strategic 7-Point Agenda as detailed below:

1. Power generation and diversification of energy sources through sustained investment in power sector in the short run and diversify energy sources to drive emergence of a modern industrial economy by 2015.
2. Food Security and Agricultural Transformation through development of modern technology, research, and production of agricultural inputs to increase yield.
3. Wealth creation and Employment through economic diversification, industrialisation and transition to commercial agriculture.
4. Mass Transportation: Modernised, efficient and affordable transport system for people and goods. Rehabilitation and modernization of the railway system.
5. Land reforms: Changes in the land laws to release land for commercialized farming and other large-scale business by the private sector.
6. Peace and Security: Reverse unfriendly security climate that precludes both external and internal investment by giving focussed attention to the Niger Delta security issue.

7. Qualitative and Functional Education: Ensure minimum acceptable international standards of education for all, excellence in science and technology to raise future innovators and industrialists of Nigeria.

The Conflict Impediment

Sustained flow of oil revenue from the conflict ridden Niger delta region to prosecute government reform programmes remains a critical success factor in the bid to transform Nigeria into an industrial green economy. Since 2006, the intense armed conflict in the region has paralysed oil production activities leading to huge decline in oil revenue. Furthermore, production shut-in has led to shortage of natural gas for the various power plants leading to a drastic fall in electricity generation. The result is sharp decline in industrial capacity utilisation and general contraction of the national economy while industry resorted to carbon intensive energy sources such as heavy oils. It has become imperative therefore that resolution of the Nigeria delta conflict must necessarily precede any meaningful reform that could turn around Nigeria's ailing economy.

Some key underlying factors of the conflict in the region include:

- Lack of strategic planning for oil exploration & production: Sustained oil production activities in the Niger delta without well conceived strategic and/or holistic plans for managing the impacts of these activities in a structured manner in the long term resulted in unplanned and undesirable environmental consequences
- Shrinking environmental space for livelihood activities which has exacerbated the prevalence of poverty, unemployment and general hopelessness in the midst of plenty: Poverty rate in the Niger delta based on perception index (self-assessment) stood at 74.8%.
- Regional imbalances and skewed resource allocation: Because oil wealth is shared to all federating units, any arrangement to commit more resources to develop the Niger delta has to be at the expense of other regions, which are more influential in the national polity.

In recognition of the place of the Niger delta conflict as key impediment to Nigeria's economic transformation, government has taken a number of strategic steps to address the Niger delta issue. Among such are:

- Amnesty for regional insurgents: Government declared amnesty from criminal prosecution to militia members in October 2009 with a promise to rehabilitate and integrate repentant fighters into the society. Events of the last three months points to the likelihood of failure of the amnesty programme.
- Re-structuring of the oil industry: Government is in process of re-organising the oil industry by amending the outdated 1969 Petroleum Act through the proposed Petroleum Industry Bill (PIB) to increase local participation, more stringent regulatory framework and empowerment of local communities through equity.
- Focus on development of the Niger delta: The Niger Delta Development Commission was created in 2001 to accelerate sustainable development of the region. The Ministry of the Niger delta created in 2009 is seen as merely adding new bureaucracy to the resolution of long standing regional issue.

The Need for Strategic Environmental Assessment

Laudable as government economic transformation agenda and programmes for achieving sustainable development in the Niger delta are, none of these Policies, Plans and Programmes have been subjected to any form of Strategic Environmental Assessment either at national, regional or sectoral/industry level. Considering that the crisis in the oil industry has its roots in the environmental and resource conflict in the Niger delta region, government effort to reform the sector without subjecting such reform programme to an SEA might not achieve desired objective.

Strategic Environmental Assessment (SEA) is a process intended to ensure that the possible environmental effects of public policies, plans and programmes (PPP) are fully considered and taken account of in the course of their development. It is therefore important that an SEA is commissioned immediately for the integrated economic reform programme of government to:

- examine environmental issues and impacts associated with the various policies, plans, and programmes especially the PIB, the 7-Point Agenda and the Vision 2020 Initiative
- evaluate and compare the impacts against those of alternative options
- assess legal and institutional aspects relevant to the issues and impacts
- develop broad measures to strengthen environmental management in the sector while paying particular attention to potential cumulative impacts of multiple activities
- Ensure public participation to take valuable perspectives of stakeholders into consideration⁶

Conclusion

Government must recognise the place of strategic environmental assessment in national planning and policy making. Nigeria's vision 2020-20 aims at a decade long rapid industrialisation to place the country among the top 20 global economies. Experience from China and India indicates that such national policy has potential for creating enormous environmental challenges which might not be appreciated and planned for unless an SEA is carried out.

The Petroleum Industry Bill also seeks to remove bottlenecks in the petroleum industry sector so as to grow the nation's oil reserve to 40 billion barrels and increase production to 4 million barrels per day. The implication of this is more pressure on the Niger delta environment which could result into more violent conflicts and aggravate livelihood challenges of the people. The implementation of strategic environmental assessment of oil & gas exploration activities in the Niger delta could bring out fundamental environmental aspects for which regional plans for environmental sustainability could be developed to better manage the impact of exploration and production on the overall environment. This will assure improve environmental performance and expand environmental space for rural livelihood activities thereby eliminating one of the key drivers of conflict in the region. Such would guarantee the much needed revenue from oil and enhance the prospect of Nigeria's transition to the green economy.

Bibliography

1. UNDP (2009): Nigeria Summary Human Development Report, 2008 - 2009.
2. OilandGasPress.com (2009): EIA Nigeria Oil Data Analysis and Statistics. 15/02/2010.
3. Globalsecurity.org (2006): Nigeria: Niger Delta.
<http://www.globalsecurity.org/military/world/war/nigeria-2.htm>
4. Okonjo-Iweala N. & Osafo-Kwaako P (2007): Nigeria's economic reforms: progress and challenges. Brooklyn Global Economy and Development.

5. Population Reference Bureau, 2009: World Population Datasheet.
6. World Bank (1999): Environmental Assessment. Operational Policy/Bank Procedures (OP/BP) no. 4.01.