

Peace & Security in the Niger Delta Region of Nigeria



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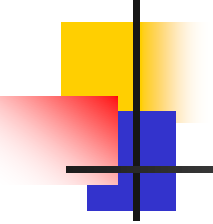
The Case of Urgency

- The Niger Delta produces some 90% of Nigeria's oil, but remains one of the country's least developed regions.
- Nigeria's national revenues have fallen significantly, in almost direct proportion to reduced oil production, as the petroleum sector accounts for some 74 per cent of government revenue (2006).
- A well organized and highly effective host community action in the Niger Delta is crippling the economies of the affected states and private companies operating in the Region. All economic sectors are affected - Oil, Gas, Electric Power Generation, Telecommunications, Manufacturing, Tourism, Solid Minerals, and even Agriculture, and, most recently, Banking, Shipping, fish trawling, estate development, and small /medium enterprises, amongst others.
- The success of host community action in the Niger Delta has emboldened host communities in states outside the region to adopt similar tactics of resistance, which has led to a concomitant decline in investments in these regions.



Peace and Security – The Pre-Existing Baseline Situation in the Niger Delta

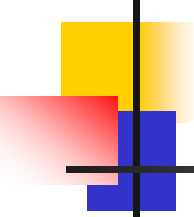
- Indiscriminate stoppage of oil/gas exploration or production activities by host communities due to perceived (or real) inadequacy of community development initiatives funded by the oil / gas sector companies.
- Environmental impact on the region resulting from accidental oil spills and gas flaring accentuated in recent years by criminal tampering with pipelines and crude oil theft activities
- Highly organized and targeted kidnapping of oil/gas workers (and later, just anyone who will fetch a handsome ransom).
- Bombing of oil / gas facilities by organized militants (even outside the Niger Delta Region – e.g., Altas cove, Lagos, and the militants' threat to target Abuja).



Peace and Security – The Pre-Existing Baseline Situation in the Niger Delta (contd.)


- Continuous bombing / vandalizing of oil pipelines
- Terrorizing of host communities by militants (some of whose motives were beyond the struggle for resource control).
- Recurring incidences of hijackings of container ships, and fishing vessels.
- Illegal oil bunkering and illegal sale of stolen crude oil.
- Deliberate murder of some hostages, communities leaders, and oil company workers (Nigerian / Foreign).

Peace and Security – The Pre-Existing Baseline Situation in the Niger Delta (contd.)



- Repeated threats issued by organized militants to oil / gas companies and their home countries to withdraw staff / operations from the Niger Delta Region.
- Well orchestrated propaganda in the international and national media by militant groups against oil / gas companies, the Nigerian government and home governments of oil gas companies.
- Massive arms stockpiling by both militants and the Nigerian governments joint task force [JTF].
- Escalation of hostilities [guerilla style warfare] between the JFT and militants has had disastrous consequences to the economies of some of the states in the Niger Delta Region.

Peace and Security – The Pre-Existing Baseline Situation in the Niger Delta (contd.)



- The foreign-owned oil and gas industry are perceived to have not done enough to increase the Nigerian content of their business operations. A consequence of this failure has been a steady rise in the numbers of unemployed youth.
- Key corporate players have generally paid lip service to the imperative of enacting effective policies of corporate social responsibility in their areas of operation.
- The failure of past governments to implement an effective development strategy for the Niger Delta Region, including the targeting of sufficient resources to address the Region's chronic underdevelopment.



Synopsis of the Current Crisis

The Niger Delta crisis is a multi-faceted problem with diverse perspectives, some of which are outlined below:

- [a] **The Infrastructure and Social Problems Perspective** – Long-term underdevelopment of the Region's social and economic capacity, coupled with wide-scale environmental degradation resulting from oil and gas development.
- [b] **The Security Issue Perspective** – The visible tension between extreme wealth and abject poverty fuels increased crime and violence.
- [c] **The Crime Perspective** – The rate of economic and personal crime are rising.
- [d] **The Political Issues Perspective** - The lack of agreement between the national government and the local population over who should control the royalties generated from oil and gas development. There is a perception within the local population that the current system



Synopsis of the Current Crisis (contd.)

- [d] **The International Perspective** – Foreign investors are concerned that the current conflict threatens the security of their investments in Nigeria's oil and gas sector. Western governments worry that violence in the Delta Region will further disrupt Nigeria's important oil exports.
- [e] **The Business Climate / Risk Perspective** – The rising incidence of violence directed at the oil and gas sector continues to lower productivity and drives up the cost of doing business in Nigeria.
- [f] Government is handling [a] – [e], but there is **NO** visible action by Nigeria's **Private Sector Corporations** to address [f], or to participate in [a] as part of their duty to comply with the principles of corporate social responsibility.



Scorecard of Efforts to Improve Peace and Security in the Niger Delta Region

- Constitution of the Presidential Committee on Peace and Conflict Resolution on the Niger Delta Region by the President, with similar committees set up in the nine states in the region – to facilitate and catalyze the resolution of the conflict. The Committees record of success was mixed.
- The unsuccessful attempt by the Federal Government to host a Niger Delta Stakeholders' Summit was a public relations disaster. This effort was botched due to the rejection of the Summit Chairman by stakeholders, and the latter's insistence on collation of past reports written by earlier committees that examined and reported on the problems of the region.
- The Ledum Mittee – led **Technical Committee on the Niger Delta** – which collated all earlier Reports on the region, and produced a composite Report – produced a report outlining recommendations on the way forward. A government White Paper is yet to be issued on the implementation of the Committee's Report but the Nigerian government is insisting that it is implementing the report piecemeal [without a supporting White Paper], even though the Committee members believe that the piecemeal implementation process is not in accordance with their recommended modalities.



Scorecard of Efforts to Improve Peace and Security in the Niger Delta Region (contd.)

- The establishment of the Ministry for Niger Delta Affairs to undertake large-scale infrastructure development of the region and generate massive employment of indigenes.
- Raiding / bombing of militants' bases – leading to complete deterioration of peace and security in most parts of the Niger Delta Region
- The unconditional Amnesty Programme of the Presidency to provide militants with a needed window for peace. Programme has resulted in a general cessation of hostilities, despite the continued presence of the JTF in the region. A plurality of the militant groups embraced the programme.
- The Appointment of a Special Adviser to the President on Niger Delta, reflecting greater commitment by government to ensure improvement of the peace and security situation in the region in response to local and international demands.



Scorecard of Efforts to Improve Peace and Security in the Niger Delta Region (contd.)

- Institution of a dialogue process by the Presidency with key militant leaders and other relevant stakeholders identified by government – under the aegis of the Presidential Amnesty Committee.
- Offer of technical and training assistance by friendly home – governments of multinational oil companies.
- Submission of a new proposed legislation by the Presidency to the National Parliament to address some of the justifiable concerns of stakeholders for more equitable sharing of oil / gas revenues (as well as other key oil/gas issues). Passage of the Petroleum Industry Bill, which includes a proposal for host communities to take 10% stake in oil / gas ventures in their communities (as recommended by the Special Adviser to the President on Petroleum).



Scorecard of Efforts to Improve Peace and Security in the Niger Delta Region (contd.)

- The recent dissolution of the Minister of Defence – led Presidential Amnesty Committee by the Presidency in response to stakeholders' demand for institution of an effective **post – amnesty** plan / process by new Committees to address the current pitfalls in the post – amnesty process, which has led to complaints and rebellion by many ex-militants, especially regarding neglect, non-payment of allowances, lack of process transparency, and much dialogue without implementation of already agreed programmes.



Scorecard of Efforts to Improve Peace and Security in the Niger Delta Region (contd.)

- The recent establishment of five new Presidential Committees [to plan and execute various aspects of the post – amnesty process, to wit:
- Mr. Timi Alaibe, Presidential Monitoring Committee on Amnesty, Presidential Adviser on Niger Delta
- Chief Ufot Ekaette , Infrastructural Development Committee , Minister of Niger Delta Affairs
- Maj. Gen. Godwin Abbe , Disarmament and Reintegration Committee, Minister of Defence
- Dr. Railwan Lukman , Oil and Gas Assets Protection Committee, Minister of Petroleum Resources
- Mr. John Odey, Environmental Remediation Committee, Minister of Environment



Scorecard of Efforts to Improve Peace and Security in the Niger Delta Region (contd.)

- The recent approval by the Federal Executive Council of massive infrastructure projects for the Niger Delta Region/allocation of more funds to the Ministry for Niger Delta Affairs for projects execution – in direct response to stakeholder complaints of perceived slow pace of projects execution activities by the Ministry.
- The President has mandated that all stakeholder groups prepare and submit inputs to the Presidency to facilitate the development of a comprehensive post – amnesty plan for the Niger Delta Region. *[This has resulted in oil/gas companies setting up a Special Oil Industry Committee on Post Amnesty in the Niger Delta Region – to make a consensual proposal to the Presidency in this regard]*



Scorecard of Efforts to Improve Peace and Security in the Niger Delta Region (contd.)

- The recent hosting of a South-South Economic Summit by most of the Niger Delta Region state governments produced a consensus that there is a need to rebuild the economy of the region by resolving the Niger Delta Region crises on a **sustainable basis**, drawing on successful precedents from other jurisdictions.



Pitfalls of Current Efforts

- Lack of a professionally structured negotiated settlement strategy.
- Non – inclusive Crisis Resolution Process / Strategy.
- Exclusion of vital stakeholders in consultation processes.
- Lack of capacity for decision makers, political / bureaucratic at local levels.
- Erroneous focus by host communities (“**Paternalistic approach**”), must be replaced by global best practice of “**forward planning approach**” on economic benefit for the community.
- The omission of government to put in place a post – amnesty programme in time to address stakeholders concerns – drawing on successful precedents of structured negotiated settlements from other jurisdictions

Consequences: The NDR crises is still simmering – though controlled temporarily.



A Recommended New Approach

Hosting of a National Post Amnesty Roundtable on the Niger Delta Region


OBJECTIVE:

To achieve a national consensus on an effective Post – Amnesty Programme for the Niger Delta Region of Nigeria, drawing on successful precedents from other jurisdictions and tailoring them to meet the specific needs of the Niger Delta Region



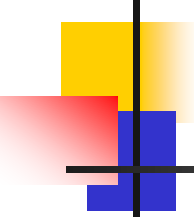
Successful Precedents to the Recommended Post – Amnesty Roundtable on the Niger Delta

- To guarantee the success of the Proposed National Post Amnesty Roundtable, one recommends adaptation of two precedents successfully applied in Canada (**Whitehorse Mining Initiative**) and South Africa (**Kwagga Program**). In both examples, the initiatives were private sector driven, but they were essentially multi-stakeholder negotiated settlement engagement programs that facilitated broad-based consensus building, leading to a more equitable system of resource revenue sharing.
- In both cases, government and industry were confronted with the problem of satisfying the legitimate demands of stakeholders for a more open, transparent and fair system for distributing the benefits of, and sharing the costs associated with, natural resource development. By adopting a policy-making process and implementation plan that gave a voice to key local stakeholders – especially those previously excluded parties – Canadian and South African authorities were able to create new and positive relationships between the various levels of government, the mining industry, organized labour, non-governmental organizations and the communities impacted by resource development.



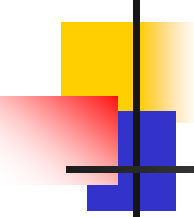
Successful Precedents to the Recommended Post – Amnesty Roundtable on the Niger Delta (contd.)

- These two highly successful processes have since been adopted by the **United Nations Conference on Sustainable Development** [UNCSD] as global best practice models for the **sustainable** development of natural resources, and have been successfully replicated by many countries, on all continents including the USA, UK, Paris, Chile, Tanzania, Brazil, etc, to peacefully and successfully develop their natural resources in a manner that satisfactorily addresses the justifiable concerns of all stakeholders. Why not adopt a similar process in Nigeria with the goal of providing a successful resolution to the crisis in the NDR, post – amnesty.
- Incidentally, the head of secretariat for **both** projects in Canada and South Africa is currently working with the NESG as part of a Project Team that has visited the Niger Delta at the joint invitation of the Presidency, [NDDC], and NESG, and has interacted with diverse stakeholders there to appreciate first hand the challenges in the region for purpose of designing an acceptable Post – Amnesty Programme for the Government.
- This initiative requires the serious commitment of both time, human and financial resources if we must achieve the desired results. The Report of the Technical Committee on the Niger Delta, the Presidential Amnesty Committee and the expected work generated by the five new post – amnesty committees will be relevant for this programme



Key Characteristics and Organizing Principles for the Recommended Post-Amnesty Roundtable on the Niger Delta

- ✓ Organized AND Funded as a Public Private Partnership (“P3”).
- ✓ The following mark this approach as distinctively different from the previous efforts:
 - ✓ Program costs equally shared by OPS, Federal Government and States Governments, so that no group is seen to predetermine the outcome-guarantees transparency;
 - ✓ Operated on the principles of **Equality, Transparency, Respect**;
 - ✓ The entire process is overseen by an independent secretariat to guarantee neutrality and transparency;
 - ✓ Participants exercise joint control over appointment of key personnel;
 - ✓ Participants nominate and confirm list of stakeholders invited to participate;
 - ✓ All stakeholders participate as equal parties;
 - ✓ The process is organic, such that all stakeholders jointly claim ownership of the process and its outcomes;
 - ✓ The process is “collaborative” not “consultative”;
 - ✓ The process contains an enforcement mechanism to ensure that decisions are enacted - this is necessary to avoid the “**talk shop trap**”.



Key Characteristics and Organizing Principles for the Recommended Post-Amnesty Roundtable on the Niger Delta (contd.)

- ✓ Independent Secretariat:
 - ✓ **Mandate:**
 - ✓ Provide overall direction for managing the budget;
 - ✓ Planning and coordinating all activities, handling internal and external communication;
 - ✓ Providing writing and editorial support services;
 - ✓ Managing day-to-day operations of the Initiative; and
 - ✓ Resolve disputes between members.
 - ✓ **Composition:**
 - ✓ Staffed by representatives of government, OPS and team of subject matter experts, including representatives from the Technical Committee on the Niger Delta, and the five new presidential Committees handling post-amnesty issues



Expected Benefits from this proposed Post-Amnesty Roundtable

- Will improve understanding and trust among stakeholders.
- Will promote foreign and domestic investment by creating an enabling environment for business development.
- Will improve the peace and security environment in the Niger Delta Region, as well as the socio-economic life of indigenes of the Region.
- Will reduce the cost of doing business and governance in the region, which is vital at this time of Global economic meltdown.
- Will result in shoring-up Nigeria's oil production and consequently, national revenues which have recently declined sharply.



Proposed Deliverables from the proposed Post - Amnesty Nigeria Roundtable

- Achieve a national consensus on the need to adopt a multi-stakeholder engagement strategy for the equitable management of the benefits generated from resource-based development in the Niger Delta Region - Post amnesty.
- Formulate and adopt a National Framework of Action for Public – Private Social Enterprise tripartite cooperation to guarantee sustainable post-amnesty conflict avoidance in the Niger Delta, as an investment protection / promotion strategy to stem business interruption risk.
- A timeline for action that is realistic AND that all stakeholder groups fully endorse.
- Sign a Communiqué outlining Government / OPS / Other Stakeholder commitment to work jointly in identifying and implementing sustainable post amnesty road maps / programme for the Niger Delta Region:
 - Delegates will agree to fund the costs associated with the post amnesty programme through a one third cost sharing formula between the federal government, state governments, and the OPS;
 - This funding formula is the same that was adopted in Canada to fund a similar initiative – **the Whitehorse Mining Initiative; and**
 - If possible, a quango should be established as the collective vehicle to resolve the Niger Delta Region Crises.



Proposed Deliverables from the proposed Post - Amnesty Nigeria Roundtable (contd.)

SYNOPSIS ON QUANGO

- Quango is an acronym for **quasi non-governmental organization**. In the United Kingdom today, it is also called “Non-Departmental Public Body – shortened, NDPB. Historically, the term originated from a humorous shortening of quasi – autonomous NGO. That is by referring to it as a non-governmental organization performing governmental functions and receives funding or other support from the government while mainstream NGOs rely mostly on donations.
- The UK government definition in 1997 of a quango is that it is a body, group or organization that has a role in the process of national government, but is not a government department or part of one, and accordingly, operates to a greater or lesser extent at arm’s length from ministers.



Proposed Deliverables from the proposed Post - Amnesty Nigeria Roundtable (contd.)

- As of 2006, Ireland had over 800 quangoes with a combined annual budget of 13 billion Euro. The UK operated 529 quangoes in 2005, with a collective annual budget of 15 billion Euro.
- Quangoes are set up with stated goals of encouraging economic development of the state. That is same with the Nigeria Economic Summit Group. Their finance windows remain very robust that their annual budgets are very enviable.



What is the Role of NESG for Resolving the Niger Delta Crisis?

NESG'S MISSION

Is

“Dedicated to achieving sustainable economic development, in the national interest, through responsible private sector initiative”.

*Taking an **Activist Role** in promoting **Peace & Security** in the Niger Delta is certainly “responsible private sector initiative”, and, hence, it is consistent with NESG’s above stated “Mission”.*

Not burdened by failures of previous government initiatives.

What **Can** the NESG do to End the Crisis?



- **Accept** that government alone cannot be expected to resolve the crisis in the Delta.
- **Acknowledge** that the Private Sector has contributed to the social, economic, environmental and security problems in the Delta.
- **Embrace** the opportunity to effect a meaningful and just settlement of the Niger Delta Crisis.
- **Apply** international best practice models for resolving resource-based conflict
- **Engage** key stakeholders (government, Private Sector, civil society) in identifying a peaceful / political resolution to the Crisis
- **Support** Corporate Nigeria in their efforts to forge solutions-based partnerships with key national stakeholder groups.

The Way Forward for Corporate Nigeria



- In summary, we believe that ignoring the threat to peace & security, or treating it in an uncoordinated and adhoc manner, is be dangerously counterproductive to finding a peaceful solution to the Niger Delta Crisis.
- To move ahead we must first admit that the private sector has to accept its own share of the blame for past wrongs, but the situation is a national collective failure of responsibility and vision.
- It is our considered view that an ambitious, comprehensive, and inclusive national multi-stakeholder consultation process can result in fashioning a mutually beneficial agreement capable of accommodating peace and security concerns on a sustainable basis.
- An acceptable agreement, perhaps in the form of a binding **Code of Conduct**, must be one the ensures that host communities enjoy tangible and sustained economic benefits from investment projects in their domain, while the investor benefits from the certainty that their investments are protected in an environment where security of life, property and the rule of law are assured for all citizens.



The Way Forward for Corporate Nigeria (contd.)

The improvement of Peace and Security in the Niger Delta is a collective responsibility, and drawing on successful precedents in other countries, what is required are the following:

- Leadership by the Government and OPS;
- Independent expertise to guide and supervise this entire process to achieve the Presidency's objective of engineering lasting peace and sustainable development in the NDR; and
- NESG is at the disposal of the Presidency / Government to offer the expert services of her project team in resource-based negotiated settlement, so that stakeholders / the NDR Crises could be **sustainably** resolved using these global best practice models, domesticated to the peculiarities of the Niger Delta Region



CONCLUSION

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THANK YOU



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