



## Oiling Niger Delta for Development - Enhancing Revenue Efficiency

### Overview

The Niger Delta Development Commission (NDDC) was established in 2000 by former president Olusegun Obasanjo for the purpose of facilitating and fostering rapid and sustainable development of the Niger Delta region. While there has been a yearly allocation to the Commission (now under the Ministry of Niger Delta Affairs) since inception from national coffers, the region is still under-developed and poor even by Nigeria's standard for quality of life.

International and national reports on social, economic, and infrastructural development in the Niger Delta have showed the unavailability, inadequacy, or poor quality of development infrastructure, as most of the population of the region still live in deplorable economic and environmental conditions. Some people in the region drink from untreated water wells, contaminated surfaces and rivers with very high risk of contacting water-borne diseases common to the people of the region. Others lacked transport and telecommunication facilities with the attendant constraint on economic development. These have meant that Nigeria's Niger Delta, which was supposed to be a huge reservoir of both national and international significance, owing to its massive oil and gas endowments, is lacking basic conditions precedent to sustainable development.

The Commission is both underperforming and mired in scandals. A NEITI Fiscal Allocation and Statutory Disbursement (FASD) Audit Report covering 2007-2011 revealed various breaches by the Commission. These breaches included the absence of updated financial statement from 2009-2012 in contravention of the provision of Section 20(I) of its enabling Act 2000 (Amended) and a N7.442 billion worth of small ticket projects allocated to the nine state offices of the NDDC declared as “neither identifiable nor scheduled for monitoring and proper management.” A more recent report from the Office of Accountant of the Federation (OAGF) also revealed the Commission as unaccountable to the tune of N188.7 billion expended on contract mobilization payment, abandoned/unexecuted contracts, extra-budgetary expenditure, non-deducted taxes from contractors, unremitted tax deductions to FIRS, transfers to unauthorized accounts and unaccountable advances to staff. These sharp practices contribute to the Niger Delta of today where social and environmental effects of extraction are as real as before the NDDC was set up.

This policy brief notwithstanding is focused on fees and payments for infrastructural improvements collected by NDDC from International Oil Companies for the purpose of demanding accountability and accelerating development in the Niger Delta and Nigeria at large.

The Payments to Governments (PtG) data review and analysis carried out by PLSI – Paradigm Leadership Support Initiative is with the objective to increase transparency and enable citizens to adequately engage with policy makers and promote accountability in the management of oil and gas revenue paid to Nigerian government entities. The interventionist agency - NDDC was established for the development of Niger Delta. However, the level of corruption that had engulfed the NDDC since inception cannot be overemphasized. Those saddled with the responsibility of developing the Niger Delta are not fully committed to the task and are rather involved in fraudulent activities of siphoning financial resources meant for the development of the region. Duty bearers are preoccupied with manipulating to circumvent the rules to favor personal agenda above the collective growth and development of the region.

The Commission currently is engrossed in diverse controversial issues of corruption. The recent directive by the Nigerian President for a forensic audit on NDDC since inception has generated discomfort among past and present leaders of the Commission. Similarly, the ongoing investigation by the National Assembly committee set up to probe the intervention agency alleged that there is misappropriation of over N81.5 billion between October 2019 and May 2020.

Seven (7) oil companies covered in this brief have disclosed payments of fees and payments for infrastructural improvements to NDDC in their payment to Nigerian government report. The reporting international oil companies covered in this brief are Equinor ASA (formerly Statoil ASA); Seplat Petroleum Development Company; Chevron Canada Limited; Royal Dutch Shell Public Limited Company; Total S.A; ENI S.P.A and CNOOC Limited. Six of these companies are multinational oil companies (MOCs), with one indigenous oil and gas company, Seplat Petroleum, disclosing owing to its listing on the London Stock Exchange.

The infograph below showed relevant payments by the IOCs to NDDC in fees and payments for infrastructural



Niger Delta Development Commission (NDDC) received payments from international oil companies known as 'payments for infrastructure improvements' in the years under the review. In 2015, NDDC received \$154.7 million, \$346.2 million in 2016, \$320.5 million in 2017 and \$242.9 million in 2018. A total of a little over \$1 billion was paid to NDDC for the improvement of the Niger Delta area.

## Recommendations

- NDDC should publish all revenues received from IOCs as payments for infrastructure improvements including for years under review.
- Membership of the management and governing boards of the NDDC should be made a community elective affair. By this, the members should be made accountable to the people and not just the ruling class presented by the President.
- The local oil producing communities who know themselves should be given the opportunity to select those they trust can better represent their interests, in terms of development.
- NDDC should implement needs-based budgeting system that allows communities to come up with their development needs, in order of priority, before the Commission prepares its budget for each fiscal year. This is because only the projects that address those priority needs of the communities seem to be appreciated, owned and protected by them.