



Shell in Nigeria – working in a complex environment

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Session 2 Transcript

Meet Your Panel

Mutiu Sunmonu

Managing Director, Shell Petroleum Development Company

A graduate of Lagos University, Mutiu spent several years working for Shell IT before being posted abroad to Scotland and The Hague. Returning home in 2003, he has undertaken various senior roles in Nigeria before being appointed to his current position. Outside work, Mutiu enjoys golf, reading and education.



Dr. Alice Ajeh

International Relations Manager, Nigeria

Alice has worked as a university lecturer and as a specialist for a government Development Agency working right across the Niger Delta. For the past three years she has worked for Shell in the Hague, focused on Nigeria.



Nick Wood

Vice President Communications, Exploration and Production

Nick Wood has worked for Shell for almost 20 years in external affairs and communications. He's worked in several countries including Nigeria and on several high profile projects involving social and environmental challenges.



Gloria Udoh

Social Performance Specialist

Currently responsible for Local Enterprise Development aspect of the Shell Global Social investment Strategy. In her previous role up to end April 2011, she led the design and implementation of a new community engagement and social investment model for Shell in Nigeria. Joined Shell Petroleum Development Company of Nigeria Ltd in 1998 from dual sector experiences in investment banking and community development.



Godson Njoku

Business Advisor to Executive Director Upstream International

Godson joined Shell in 2002 and has worked in diverse roles in both the Upstream and Downstream businesses in Europe and West and Central Africa. He currently supports the Executive Director Upstream International - who is responsible for all Shell businesses outside of the Americas. In 2010, he worked closely with the Shell Nigeria Country Chair in addressing wide-ranging stakeholder and environmental challenges.



Jonathan Barnden

Regional Communication Manager West Africa

Jon has worked in the energy business for more than 20 years and is currently based in Lagos Nigeria where he is responsible for managing corporate communications for Shell Companies in Nigeria and for the West Africa region.



Andrew Vickers

Vice President, Policy and External Relations

Andrew has spent over twenty years working for Shell. Previous roles have included Communications manager for Upstream (exploration and production) in Europe, Vice President, Corporate Affairs for Southern Cone (Brazil, Argentina, Bolivia) and head of a global new business team responsible for non technical risks (sustainable development). Andrew has spent the past year as VP Policy and External Relations where he is responsible for NGO relations, public policy issues, and crisis management.



Mutiu Sunmonu

Hello everyone, welcome to the afternoon session of our webchat, "Shell in Nigeria - working in a complex environment" I am Mutiu Sunmonu, Managing Director of the Shell Petroleum Development Company of Nigeria. The first session today was very interesting and I am looking forward to another enjoyable session.

Cliff

- Q. Hi am at right now at Sheffield Hallam University in the UK as one of the tutors on the cooperative and social enterprise summer school. At this school we are debating the potential of communities being able to take ownership of their own economy and accumulate community owned assets as a way ensuring sustainability. How can corporations like Shell assist that process?

Gloria Udoh

- A. Hi Cliff, we can assist by sharing experiences we have had along the journey of social investment/enterprise in Nigeria, from a purely philanthropic model in the 60s up till the mid 90s, and how we have evolved in that interaction to a community driven model of development. You can find more details and contact persons at the following [link](#) Investing in the Delta.

peter

- Q. What is the status of illegal crude bunkering? Has there been any reduction in the amount of oil being stolen?

Nick Wood

- A. Peter, we don't have any confirmed figures for theft of oil but we estimated about 100,000 barrels a day but other estimates are much higher. No sign of it reducing.

AB

- Q. I believe in one of the background documents, Shell states that 95% of SPDC revenue above cost flows through to the Nigerian government....Does this mean that Shell is operating at a cost + 5% margin across all its Nigerian businesses? Hard to believe...

Jonathan Barnden

- A. Thanks for the question. It is indeed the case that 95% of revenue after costs goes to the Government - the rest is shared by the other partners in the SPDC jv.

Deirdre

- Q. How will SPDC be responding to the UNEP study report on environmental status in Ogoni? It seems that the report has not yet been officially published, but portions have been shared with the press.

Nick Wood

- A. Deirdre, neither Shell nor SPDC has seen the report so we don't know.

AB

Q. I applaud Shell for being so forthcoming with all the background information it has provided, and for opening up and hosting this dialogue. Indeed, the company has undoubtedly brought many and varied benefits and done a lot of good in Nigeria. Trying to get at the heart of the issue, Shell needs a stable, orderly socio-political and economic environment to effectively carry on with its business in Nigeria. - What is Shell doing to ensure that Delta local minorities such as the Ogoni have representation in its decision-making and project management processes? What is it doing to ensure that its business respects and addresses the rights and interests of these people--social, economic and environmental?

Godson Njoku

A. Hi - Thanks for your compliments on our continued effort to improve transparency in our operations in Nigeria and the Niger delta in particular. We believe that good relationship with host communities is critical in ensuring that our business delivers both for Nigeria but also for Shell. All our major projects commence with comprehensive Environmental, Social and Health Impact Assessments (ESHIA) which involve the host communities. I am pleased to inform you that all our major ESHIAs are now published on a [public website](#) - a first for the Industry in Nigeria.

Shell has not operated in Ogoniland since 1993 but we continue to engage with Ogoni and other stakeholders to ensure that some of the legacy issues are resolved to the satisfaction of all stakeholders. This is an ongoing process and requires the support of governments, civil societies and other relevant stakeholders.

Wim

Q. Will the PIB have a positive or negative impact in Shell?

Godson Njoku

A. Wim - The proposed PIB is still with the Nigerian legislature. We believe that it is important that the proposed reforms support the further development of Nigeria's vast oil and gas resources. Nigeria remains an important part of Shell's portfolio and we aim to continue to support the Nigeria government in harnessing the vast resources for the good of the people of Nigeria.

AB

Q. Though in accordance with internationally acceptable guidelines advocating peaceful, non-violent conflict resolution and community engagement, Shell continues to actively train and equip police and military forces in Nigeria that in the past have led to the killing of non-violent protestors and community activists. Do you believe that providing arms and training to these government forces will help your cause among Delta minorities, local communities, and internationally? Why? Despite the lofty ideals espoused, isn't this wide open for abuse? And aren't you actually escalating the potential for violent conflict? Can you offer anything to support this belief?

Andrew Vickers

A. Shell and SPDC are active supporters of the Voluntary Principles on Security and Human Rights (VPSHR), a set of guidelines developed in 2000 by governments, extractive industry companies and human rights organizations. SPDC applies these principles in the delta and engages various government agencies (including the National Human Rights Commission), security authorities and other organizations on how the company can contribute to better

implementing VPSHR in the country. SPDC believes in using peaceful means to resolve issues with host communities. In 2010, 77 VPSHR induction and awareness briefings were conducted for personnel of government security agencies (1,079 staff) and contracted civilian guards for access control (13 staff). Since 2007, SPDC has also provided training on conflict resolution and human rights to field-based contracted security. Personnel and supernumerary police assigned by the Nigeria Police Force to SPDC. In 2010, 86 people were trained under this programme which is run by the CLEEN Foundation, an NGO based in Nigeria formerly known as the Centre for Law Enforcement Education. So far, 467 security personnel have been trained. In 2010, 380 SPDC staff and contractors participated in a 2-day Human Rights and Conflict Resolution training. In the period 2005-2010, 3,499 staff have taken part in this training, which is endorsed by the Danish Institute for Human Rights.

David Slater

Q. Hi, David Slater from African Energy. A presidential advisor recently claimed that IOCs were not doing enough to develop local communities to help ensure sustained peace in the Delta, which he said was reliant on jobs rather than amnesty. He pointed to a lack of international-standard local training facilities for oil and gas industry labour, and called for IOCs to invest in these. Is Shell investing in developing locally trained labour and are there any plans to increase this investment?

Mutiu Sunmonu

A. David, the comment you referenced was made in connection with the government amnesty program. Our capacity development effort in the delta is wide ranging. We have a strong focus on capacity development of the local communities which includes vocational training, micro credit scheme, and support to grow SMEs. Over the last five years, we have provided over 14500 employment opportunities for community members. We recently launched a \$25m fund with support of 3 commercial banks to provide soft loans for SMEs in our area of operations.

Regarding the specific comment of the advisor on amnesty, it is pertinent to mention that the industry as a whole has set up a \$30m fund to provide vocational training for some 1000 ex-militants. Of course the challenge remains the availability of job opportunities after the training. Given that the oil and gas industry is not manpower intensive, government and the private sectors will need to look at other ways and means of providing opportunities outside of the energy sector like agric and self employment opportunities.

Maria

Q. What are some of the current investments Shell is making in the Niger Delta in health and what partners are you working with there?

Gloria Udoh

A. SPDC currently supports 27 health facilities across the Niger Delta and in partnership with government who provides the employees. In addition we have specific interventions in AIDS and Malaria prevention. One of our programmes Niger Delta Aids Response, NIDAR won a global business award in 2010. We also successfully completed a partnership with Africare on roll back malaria targeting several communities in the Delta to prevent malaria especially amongst mothers and infants. Along with the Rivers State government and a Community Foundation we launched the first community based Health Insurance scheme in Nigeria. Some of our partners include Family Health International and Africare.

Introductory Question

Q. What is Shell doing to end flaring in Nigeria?

Alice Ajeh

A. Shell and SPDC want to end routine flaring in Nigeria as soon as possible. Flaring is not good for business as it is a valuable resource. Between 2002-2010, flaring dropped by more than 50% due to the gas gathering projects embarked upon. Despite delays due to security, safety and other factors in the Niger Delta. Despite this, between 2000 and 2009, a lot of work was done which covered 60% of SPDC production potential. However, with improved security in 2010, many of the delayed projects have resumed. The programme when completed will cover 90% of SPDC production potential and cost about \$6billion.

adammaanit

Q. As you will recall, Shell has been complicit in crimes against humanity committed by government forces in Ogoniland. Although Shell makes efforts to train its "security staff" in Nigeria, human rights abuses by government forces based at oil facilities are a serious issue. Which categories of security personnel is Shell providing with human rights training? What procedures are in place for screening security personnel for human rights abuses or misconduct? What disciplinary action has SPDC taken against security personnel responsible for human rights abuse?

Andrew Vickers

A. adammaanit - see response just posted on Security. Andrew

AB

Q. Shell has clearly done, and is doing, much good in Nigeria, but it is effectively financing a war and repression of minority voices in the Delta...Is that good business? Is it one that any company should be in?

Jonathan Barnden

A. In the more than 50 years that Shell has operated in Nigeria there have been many governments and regimes. The latest elections in Nigeria were generally accepted as being the best yet - positive moves towards a more mature democratic system, and anyone familiar with the Nigerian media will have seen that it is a very effective and independent voice. I do not recognise your description of war and repression of minority voices in the Delta as being typical of Nigeria. Organisations such as MOSOP are free to express their opinions which are widely and freely reported.

Deirdre

Q. Do you envisage a continuity plan for community development programs in fields (Western Division) that have been transferred to new operators?

St lyke Maxwell Ndubuisi

A. Hello Deirdre,
My name is St Lyke, Business Advisor at SPDC. I would think the new operators and the communities have a good opportunity to sit together to review the on-going Community Development Programs with a view to enhance, stop or create entirely new development

programs. This is really a great opportunity for renewal and we anticipate good collaboration between the new operators and the communities.

Ogee

Q. What is Shell doing to partner with the Nigerian Government to reduce bunkering?

Godson Njoku

A. Ogee,
Bunkering (crude oil theft) is damaging to the Nigerian economy and is detrimental to the development of Nigeria's oil and gas industry.
We believe that the government and the industry need to work together to eliminate this practice. Ultimately the oil industry does not have the capacity to police our entire infrastructure and it is the responsibility of the government to address this issue. As you are aware, only the government have the authority to provide adequate security to manage what is a terrible drain on Nigeria's economy as well as a source of major oil spills.

Miles Litvinoff

Q. Can you tell us when the UNEP report on Ogoni will be released?

Andrew Vickers

A. Hi Miles...we aren't sure as it's a UNEP report commissioned by the Nigerian government and therefore they have the say on this. My understanding is that UNEP send it to the government and they in turn release it i.e. timing in hands of government. Andrew

SM

Q. Please outline what the company has done to date in reducing gas flaring as well as its future plans to curtail flaring in the Niger Delta.

Alice Ajeh

A. Please refer to my answer to a similar question on flaring. You may also check this [link](#) for more information on what we are doing and plan to do to curtail flaring in our Nigeria operations.

Wilco van Bokhorst

Q. Dear Mutiu Sunmonu,
it is said that the UNEP report will be published at the end of this Month. Could you please explain what you expect from the report and what Shell aims to do after the report has been brought out?

Mutiu Sunmonu

A. I am looking forward to this report and hopefully it will give a comprehensive data on all spill sites which will provide a basis for the follow up cleaning effort. The most important follow up action is to restore all impacted sites to their natural state. It is however important for Government to take actions that will prevent further spill which hitherto has been as a result of vandalism, crude theft and illegal crude refining.

Oghenzy

- Q. What has Shell put in place in their Nigeria operations to strike a uniformity in Corporate Social Responsibility (CSR) operations between your CSR operations in your headquarters in the Hague, Netherlands (and other developed nations) and your host communities in the Niger Delta? You have widely circulated publications and policies as regards your developmental activities in the host communities, yet the perception in such communities about your CSR approach remains unsavoury.

Gloria Udoh

- A. A lot of work has been done in the last couple of years to enhance alignment and learning across the various countries that we operate. In 2010 a new global social investment strategy was approved by Shell and the process of embedding this is on-going. The perception in our host communities are monitored annually through an independent reputation tracker, and we glad to report that the 2010 results showed improvements.

Andrew Vickers

- A. Further to a previous answer I have come across this report: "In Nigeria, UNEP released a statement regarding its forthcoming Ogoniland Environmental Assessment Report in Nigeria, assuring that the report is to be published in the last week of July as scheduled, not delayed due to safety concerns. In addition, the report has been extensively peer reviewed by external scientists, and neither exonerates some stakeholders nor blames others for the oil spills as alleged in the Dutch media. UNEP hopes the report and its findings will catalyze cooperation and a response to decades of oil-related environmental challenges and provide the people of Ogoniland the opportunity for a sustainable future." Andrew

Alex Hernandez

- Q. What does Shell consider to be the main challenges that it currently face in Nigeria, and how the company is planning to deal with it

Godson Njoku

- A. Alex - we have been in Nigeria for over 50 years and have supported the development of Nigeria's economy over that period. As other developing countries, Nigeria faces challenges in developing infrastructure that will drive the backbone of its economy. Infrastructure development will also create much needed jobs which is a source of agitation for youths in some parts of the country.
In Shell, we have been very supportive in driving the development of Local content in many areas of our industry and will continue to do so.

Tayos02

- Q. Is Shell concerned about the current security situation - with the recent threat of Boko Haram?

St Iyke Maxwell Ndubuisi

- A. Hi Tayos02, the Boko Haram threat is a cause for concern for Nigerians and businesses in Nigeria as there is needless loss of lives and a sense of insecurity in the affected parts of the

country. The government has promised to address the situation and we look forward to a long lasting solution.

johncash

Q. What is being done to clean up Oil in the Niger Delta? what systems are recommended?

Jonathan Barnden

A. SPDC is committed to cleaning up all spills from its facilities no matter what the cause, and in the last five years 75% of oil spill incidents have been caused by third party interference - sabotage and oil theft. First we recover as much oil as possible - then residual oil is cleaned up. This is followed by remediation of the site where needed and finally this is signed off by the regulatory authorities. I don't think I can get into the technicalities of remediation processes here, but SPDC uses recognised methods which are suitable for the tropical climate in which it operates.

Miles Litvinoff

Q. On gas flaring, there is a view that flaring causes harm through distress and fear – why does SPDC not make air quality data available to communities and civil soc? Isn't it local people's right to have this info? This could reassure those who have long raised concerns re this issue. Also, some studies indicate that flaring can be more damaging to health at a longer distance from flare site - plume effect. Has SPDC done any research into this? Lastly, what is status of / progress with new "joint industry-sponsored baseline air quality study" that SPDC referred to in its letter to ECCR earlier this year? Thank you.

Nick Wood

A. Hello Miles. SPDC is planning to publish its monitoring data for all to see. It shows it compliance with international standards most of the time. SPDC is doing some modelling of flares that specifically covers possible impacts further from the flare. Apologies, I don't have any info on progress of the air study

Mark

Q. I understand that SPDC is a JV with Agip and Total as well as NNPC. Are JV meetings sometimes combative, or always constructive? Who represents each oil company? Are minutes of the meetings available to outside parties

Alice Ajeh

A. Yes, SPDC is a JV with Total, Agip and NNPC. JV meetings are generally constructive in the general interest of the business. There are sometimes tensions which is not unexpected. The MDs of each company and relevant NNPC reps represent the partners. The minutes of meetings are not open to outside parties.

Bill Knight

Q. How are the GMoUs progressing?

Gloria Udoh

A. Hi Bill, 24 GMoUs had been established by the end 2010, over 400 projects completed by clusters and \$65 billion spent by SPDC JV to fund. Six of these clusters have become

registered community development foundations. Please follow this link for more information. [Briefing Notes.](#)

ed reed

- Q. Does Shell plan to sell more onshore assets? If so will there be a particular focus on sales to local companies?

Godson Njoku

- A. Ed - thanks. As you are aware we have 4 blocks up for sale but we cannot comment on ongoing transactions or speculation on potential portfolio actions. Mutiu (Shell Nigeria Country Chair) has reiterated on numerous occasions Shell Nigeria's continued support for involvement of local companies in line with the aspiration of the Federal Government of Nigeria.

CamilleClark

- Q. Is Shell committed to continuing to do business in Nigeria? With growing discoveries in less aggressive countries, can Shell continue to justify its presence in Nigeria or is now the time to make strategic decisions to exit? With all the corruption, fraud, abuse of power, etc. that comes with doing business in Nigeria, does Shell believe it is a good business decision to remain? If so, why?

Andrew Vickers

- A. Camile - Yes, we are committed to continuing existing business in Nigeria and we have future plans. Business is conducted in line with the Shell General Business Principles. Shell employs 6000 people and Nigeria, 90% of whom are Nigerian. And many families beyond direct employees benefit from Shell presence. I firmly believe that we are making a positive contribution.
See also - [Shell contribution](#)
Andrew

Ogee

- Q. Shell has been in Nigeria for 50 years, but it appears that our big spend projects to support the country have been done in the last 15 - 20 years or so. why is that?

Jonathan Barnden

- A. I think the answer is that incremental development onshore tends to be many smaller projects rather than larger capital intensive ones. When you start to develop projects such as NLNG or Bonga, Afam or Gbaran Ubie it will appear to be as you say, but the incremental earlier (and on-going) spend is equally important to the development of the business that supports the country.

JoePowell

- Q. Dear Mutiu, What is Shell doing to promote transparency in your Nigeria operations? Will Shell support country-by-country and project-by-project financial disclosure requirements - along the lines of the new US legislation (in Dodd-Frank)? Joe

Mutiu Sunmonu

- A. Dear Joe,
Shell has been a major advocate of transparency. We were a leading voice in the implementation of the Nigerian Extractive Industry Transparency Initiative where we currently report payments at country level.

Filipe Rufino

- Q. I am looking for opportunities in PR/Corporate communications strategy in London. My background is in journalism (five years covering energy industry) and what makes me different from (most) other journalists is my MA in Marketing (2010-2012) that I am studying in the evenings at London Metropolitan University. My question is: in broad strokes, how has your communications strategy in Nigeria evolved over the past five years and where do you see it going five years ahead? Thank you for the opportunity to ask this question. I look forward to hear from you. Regards Filipe Rufino

Nick Wood

- A. The strategy is simple - to improve the understanding of the Niger Delta and SPDC's performance. That means transparency and openness and getting people into the Niger Delta as much as possible to see for themselves.

Montips

- Q. NUPENG recently claims that they were not carried along in the sale of oil blocks in Warri. How true is this fact? How will the planned strike on this issue affect Shell's reputation, if the strike ever holds next week

Godson Njoku

- A. Montips - We are in the process of selling four blocks and cannot comment on the specifics of ongoing transactions. All our activities are carried out in line with the provisions of the laws of Nigeria as well as our contractual obligations.

Tunde

- Q. Good afternoon all, I would like to get an update on the GMoUs. How many have been established? What % of Shell's communities to these established GMoUs cover? How successful have they been (and how has Shell measured this)? What challenges to they face?

Gloria Udoh

- A. Please see my previous answer to Bill on this topic and note that spend is \$65 million not billion and follow the [Briefing Notes](#) for more details. Performance is monitored at various levels, internally by SPDC staff, externally by our JV partners and through joint reviews with reputable NGOs and support from Shell International. Key challenge has been getting other stakeholders to provide funds and this is being worked.

Gloria Udoh

- A. Bill by the way, just to clarify the previous answer, spend by the JV is \$65 million not billion.

Cliff

- Q. Thanks for your reply Gloria, the link to Investing in the Delta appears not to be working. As well as of general interest to the participants from the summer school following this

dialogue.. part of our afternoon study about the role of corporations.. I hope to be in Nigeria later this year. So I would be grateful if you could send the link/document to me at Cliff@socialenterprise.co.uk Thanks

Gloria Udoh

- A. Cliff, please try this [link](#) Briefing Notes

CBuch

- Q. Good day, I am the Managing Partner of a US firm who focuses on the safety and accountability of workers and families in global risk areas. My question to the panel - What further role can Shell play within Nigerian society to improve the lives of impoverished and has Shell announced any new job creation programs with government to help reduce the high rate of unemployment? Thank you.

Alice Ajeh

- A. Shell contributes to the Nigerian economy by generating revenues for government as well as pay taxes and royalties. In addition to this, Shell companies in Nigeria pay a statutory contribution to a regional developmental agency- the Niger Delta Development Commission (NDDC) to develop the Niger Delta. In addition to this, Shell companies in Nigeria employ 6,000 direct employees and contractors (90% Nigerian). Many of the projects of the companies help create tens of thousands more jobs. Many of these programmes are in partnership with government and other development agencies.

Wale

- Q. What is Shell's overall E&P strategy for Nigeria - this question is the context of the recent sale of Shell/NNPC (45%) JV assets in the Western Nigeri Delta a number or nigerian/international groups?

Jonathan Barnden

- A. While Shell does not see Nigeria as key to its growth strategy, it is still a country with much potential, particularly in gas and offshore. Potential divestments are normal potfolio management - as seen in e.g. the North Sea or Gulf of Mexico and are intended to strengthen the company's position for the future.

Wilco van Bokhorst

- Q. Dear Mutiu Summonu, Shell has been working for quite some time now with GMoUs. Communities are offered to define their own development, so that Shell can help them. If you look at the Respect, Protect, Remedy-framework of the Special Rapporteur on Business and Human Rights he claims that it is not so much any more about community projects, but more about participation and inclusion of communities during the project cycle. This can be done through Free, Prior and Informed Consent and due diligence which has to be shaped by companies. How do you look at this and how will SPDC shape their due diligence?

Mutiu Sunmonu

- A. The GMOU approach is does not just allow communities to define their own development but it also empowers them to implement those requirements. You may take this link to learn more about the process [GMOU](#)

ShaunDohertyCDS

- Q. Hello and thanks for the opportunity to ask questions. This is Shaun Doherty Local Content Development Practice Area Leader for CDC Development Solutions (CDS). Mr. Godson Njoku mentioned being "supportive in driving the development of Local Content in many areas". Can you expand on what Shell has done in this area? And future plans? Additionally what are the largest challenges you are seeing in the existing and potential Nigerian supplier base?

Andrew Vickers

- A. Shaun - check out the following [Nigerian content pages](#). Andrew

AB

- Q. What are current oil and gas production estimates for SPDC? What are Shell's investment, development priorities for this year?

Godson Njoku

- A. AB - Shell share of SPDC and SNEPCo production are published in our [annual reports](#) . Details of our overall strategy are also mentioned in our [Strategy updates](#).

PSuave

- Q. Does Shell have any plans for a GTL plant in Nigeria? If yes are the plans to deploy the Shell GTL technology or a JV using the Sasol GTL technology as is being applied in the EGTL process by Chevron Nigeria.

Godson Njoku

- A. PSuave - Shell is not involved in the GTL project in Nigeria but we have recently commenced production in our [GTL plant](#) in Qatar.

Iekola1

- Q. @ Gloria in embedding these institutions, do you have adequate knowledge of the local institutions? A recent study showed that exogenous institutions embedded in traditional ones will fail and generate conflict except it is properly embedded into local institutions. This might explain why locals often work better with NGOs who take the time to understand their traditional institutions.

Gloria Udoh

- A. Working with local NGOs who understand local institutions and can work better with local communities are a key part of our strategy and all social investment programmes are carried out with front end stakeholder engagement processes.

AB

- Q. Ultimately, how do you expect to improve Shell's credibility, standing and reputation when Shell is complicit, and indeed the main financier and active supporter, of an oil-based autocracy and government that has habitually been seen to violently repress local minorities in the Delta?

Nick Wood

- A. A leading question. I understood it was a democracy and the last elections were widely seen to be successful. Shell companies in Nigeria operate responsibly in the country, follow our global business principles and observe human rights helping create wealth and development for ordinary people. I think that is a credible position to be in.

Wilco van Bokhorst

- Q. @Mutiu Sunmonu: aren't you legally obliged to clean up? Should you then not get the costs from the government or armed groups, responsible for oil bunkering?

Mutiu Sunmonu

- A. We are legally obliged to clean up regardless of the cause of the spill. We are the operator of a joint venture in which government owns 55%, hence government also bears its own share of the cost of clean up.

Oghenzy

- Q. It is noted that the Niger Delta Region is one of the most polluted in the world by oil spillage. How can Shell ensure that the sites are cleaned up as quickly as spills are discovered so that the people can go about carrying out their small scale economic duties like fishing and water transportation as this affects their livelihood? Also, what precautions are being taken to ensure that your operations have minimal negative impact on the environment?

Andrew Vickers

- A. Dear Oghenzy - take a look at the following Environment - [oil spills information](#). Best, Andrew

Iekola1

- Q. On a recent visit to the delta, I realise oil companies often use contractors for clean-up activities. My question is does Shell use contractors? and how do you monitor them to be sure they do the right thing. Saw a sacred lake burnt down by a contractor from an oil company.

Godson Njoku

- A. Iekola - we do have a very transparent way for clean up and remediation of oil spills. May I refer you to our [Spills management website](#) which has comprehensive information on how these issues are addressed.

Abdul Fahm

- Q. What is Shell Doing to improve the Soil and Groundwater/ Surface water conditions in areas within the Niger Delta where Shell has had historic releases of hydrocarbon related compounds. From previous comments, Mr Sunmonu suggests that Shell would return these areas to their Natural conditions - how would shell approach the remediation of these sites and what clean up standards would Shell apply to these sites in the absence of stringent Nigerian environmental Assessment criteria.

Andrew Vickers

- A. Daer Abdul, may I refer you to my latest post with a link to briefing notes on the topics you raise. Thanks. Andrew

Tunde

- Q. The Niger Delta is probably one of the most important wetlands in Africa and it harbours biodiversity that is unique on earth. As one of Africa's biodiversity hotspots, what is Shell doing to promote the protection and conservation of the biodiversity of Niger Delta? Do you have any plans to do so? By protection, I am not talking about "avoiding harm" e.g. doing ESIA's etc, I mean - what is Shell doing to pro-actively create protected areas that conserve biodiversity. Though Shell has been in Nigeria for over 40 years, there is still not one single protected area (national park or game reserve) in the Niger Delta to offset the environmental damage caused by the oil industry.

Alice Ajeh

- A. Tunde, The Shell Development Company of Nigeria Limited (SPDC) in recognition of the importance of the Niger Delta's rich biodiversity, in 2006, worked with government, forest communities, and NGOs to develop Biodiversity Action Plans (BAPs) for two forest reserves - Gele-Gele and Urhoniye in Edo State of Nigeria. These are International Union for Conservation of Nature (IUCN) designated category I-IV protected areas. In 2007, SPDC together with NGOs contributed to the passing of a Biodiversity law by the Edo State government - one of the first such laws by a state government.

mwheeler

- Q. Michael How does SPDC currently train local content to operate and maintain the facilities in a safe, profitable manner? What is the percentage of exPat usage currently? Will that number decrease significantly in the next 10 years as African countries attempt to nationalize all oil and gas production?

Jonathan Barnden

- A. Michael,
Thanks for this question. 90% of the people working for Shell companies in Nigeria are Nigerian - including those skilled technicians who run and maintain our facilities and most of the senior managers. In the more than 50 years we have been operating in the country many thousands of Nigerians have been developed therefore. These technicians, engineers and others can also be found in many other Shell companies around the world - developing their skills and bringing them to these operations.

Mayowa

- Q. Ayeni Mayowa, There was a 5 years deal signed by shell middle east/mobis engine and hyundai-kia motors for continuous supply of the branded Shell Helix HX5 while the deal last at the regional level. Nigeria markets inclusive. I have talked to almost everyone in shell office through mediums encouraging the maintenance of this projects in Nigeria market and a way to let the shell know that shell Nigeria oil products could again be sustain for the next years as against the future plan to move the operation out of the nation. Sir, can we do something on this. we could sustain shell Nigeria oil products!

Godson Njoku

- A. Mayowa - Shell no longer has a downstream presence in Nigeria that markets oils products. However Shell products are marketed in Nigeria through distributors who import Shell branded products from other markets.

Miles Litvinoff

- Q. How does SPDC see progress with the multistakeholder dialogue process involving IOCs, Nigerian govt and the civil society coalition NAGCOND? Are there ways SPDC could involve civil society orgs more effectively on the ground in monitoring oil spills clean-ups?

Andrew Vickers

- A. Miles - as you are probably aware an oil spill related dialogue was held in Port Harcourt around a couple of months ago. Over 100 stakeholders attended this SPDC meeting. SPDC continues dialogue with many participants. SPDC has been in touch with members of NAGCOND and look forward to a productive relationship. SPDC remains open to dialogue with a wide range of stakeholders. Andrew

Oghenzy

- Q. Since the Nigerian govt lacks the capacity and will to enforce laws on Shell as regards your CSR obligations to your host communities, how can you ensure that your statements of commitment to CSR and sustainable development are put into action because there is a general conception that Shell takes CSR issues quite mildly in Nigeria as opposed to your activities in developed countries that have stricter government policies

Gloria Udoh

- A. Even though CSR is not legislated in Nigeria at the moment, we have over the years improved both the process and amount of funds committed to social investment projects and programmes. SPDC and SNEPCO gave more than \$161 million (Shell share \$59.80 million) to the Niger Delta Development Commission (as required by law) in 2010. On top of this SPDC and SNEPCO directly supported community projects worth more than \$71 million (Shell share \$22.85 million). In 2006, SPDC introduced a new way of working with communities called the Global Memorandum of Understanding (GMOU). Under the terms of the GMOU, the communities decide the development they want while SPDC, on behalf of its joint venture partners, provides secure funding for five years, ensuring that the communities have stable and reliable finances for their community development plans. SPDC also provides access to development experts/NGOs to help deliver projects.

Andrew Vickers

- A. Further to responses re spill do check out the short video clips [here](#).

Raf

- Q. How far has SHELL gone on the Nigerianisation Policy?

St lyke Maxwell Ndubuisi

- A. Hi Raf, St lyke here. As you may be aware, over 90% of SPDC staff are Nigerians and Shell is the only IOC in Nigeria with Nigerians as MDs (in SPDC, SNEPCO, SNG). This is really great progress. More work is still underway to ensure that positions that can be filled by Nigerians are so filled.

Having said that, Nigerian SPDC staff are on postings all over the world to ensure that Nigerian staff continue have cross-posting opportunities to obtain breadth and international exposure and to make that possible we will continue to exchange Nigerian personnel with expatriates in some positions in Nigeria.

There is also the need to utilise high calibre expertise possessed by non-Nigerians in SPDC. This also applies to expert Nigerians contributing extensively on their own merit in many specialist roles abroad.

MUKYDODO

- Q. Hello, I'm a graduate of Textile science and Technology from Ahmadu Bello University zaria but have been working in development since. When you look at it, you realize that the problems facing Nigeria today such as poverty, corruption and bad leadership came about as a result of indiscipline on the part of we the citizens and our leaders. To nip this in the bud and stop the cycle from expanding further we will have to engage our youths productively. Does Shell have a program for youth empowerment in Nigeria?

Godson Njoku

- A. Mukydodo - I agree that youth development is critical to the development of Nigeria's economy. Shell supports various activities which involve youth development under our GMoU umbrella. We specifically have a programme called [LIVEWIRE](#) geared towards supporting young people in the Niger Delta.

saha

- Q. How SPDC is working to win hearts and minds of local community? How many people are employed per year from local community? What social upliftment prgrams are run/supported by Shell addressing community needs?
Does all the IOCs operating at Nigeria collborate to address People's needs?

Mutiu Sunmonu

- A. Dear Saha,
we have a strong focus on community development. Over the past ten years we have scaled up our community development budget from \$50m in 1999 to \$250m in 2009. In the past we were heavily involved in the provision of infrastructure in the communities. we were building roads, schools, clinics and providing portable water. Though these are typical areas for government intervention, we stepped into the gap to help in improving the standard of living of local communities. we are now involving more and more development partners to help in addressing community needs. Specific community development programs include our micro credi scheme, health scheme - we have about 27 clinics in the delta. we are a major supporter of education of young children with over 17000 children on shell scholarship at any point in time.

Oghenzy

- Q. What is Shell doing to ensure that serious local contractors are encouraged and supported to carry out highly professional projects in the oil and gas industry, knowing fully well that

doing business the oil and gas industry is capital intensive and local contractors may not be able to survive, even though they have the right technical expertise?

Nick Wood

- A. SPDC has a community contracting department that has helped create business opportunities worth 10s of millions of dollars for local companies. By the end of last year Shell companies in Nigeria had trained about 1900 service providers in general contracting, developed eight local dredging companies, awarded 10 scholarships to UK and trained more than 3000 people in entrepreneurship, scaffolding, project management, welding, catering etc.

ed reed

- Q. Hi, could you let us know what progress Shell is making in reducing gas flaring and how this will tie in with additional Nigerian power generation. Thanks, Ed.

Alice Ajeh

- A. ed reed, Please refer to my earlier response on gas flaring. You can also check this [link](#) for more information. On tie in with power generation, take this [link](#)
Please feel free to ask a follow up question on any specific area not covered.

AB

- Q. Any comment on the WikiLeaks revelations as evidence of acting ethically and responsibly in Nigeria?

Mutiu Sunmonu

- A. The wikileaks allegations that we are acting unethically and irresponsibly are totally untrue. Our businesses principles are clear and well understood by our staff and we don't tolerate any breach.

ABIOLA

- Q. Jonathan,, you said earlier "It is indeed the case that 95% of revenue after costs goes to the Government - the rest is shared by the other partners in the SPDC JV." That really isn't saying much; it all depends on how much Shell declares as cost, doesn't it? Even if we ignore that fact, why does Shell not use its considerable influence with the Nigerian government to pressure it into meeting its responsibility to its citizens?

Jonathan Barnden

- A. Abiola, cost is something that is tightly monitored by the 55% Govt partner in SPDC - NNPC. So it's not a matter of what we declare - it's already known. And clearly it is not in our interests to inflate costs - the higher they are the less profit everyone makes. How much influence any single company has is a matter of conjecture - but is frequently over-estimated. However, SPDC has been outspoken on matters such as governance, poverty, corruption etc., and will continue to make its views known both publicly and privately.

Oghenzy

- Q. How can Shell ensure that it doesn't unwittingly help the greedy community leaders to cheat the people in the host communities? For example, it is noted that instead of Shell to carry out developmental projects (eg building of hospitals) with high quality contractors and

professionals, the money for the projects are given to corrupt local leaders (to carry out the projects on behalf of Shell) who divert the funds for their selfish interests

Gloria Udoh

- A. We are encouraging the community to own and drive development themselves while we provide financial assistance to them and technical assistance through development NGOs. We have established operating procedures and guidelines to help make the process accountable and transparent. We still carry out major infrastructure in partnership with government, and other local and international partners.

Oghenzy

- Q. How can Shell ensure that it doesn't unwittingly help the greedy community leaders to cheat the people in the host communities? For example, it is noted that instead of Shell to carry out developmental projects (eg building of hospitals) with high quality contractors and professionals, the money for the projects are given to corrupt local leaders (to carry out the projects on behalf of Shell) who divert the funds for their selfish interests?

Gloria Udoh

- A. Hi Oghenzy, I just answered your question.

Olufemi

- Q. Thank you for this opportunity. Jonathan, you said Shell does not see Nigeria as a key growth strategy. Will Shell remain committed to the OK LNG Project in Nigeria?

Godson Njoku

- A. Olufemi, Nigeria remains an important country for Shell and a major resource holder. We will continue to evaluate investment opportunities that meet our commercial considerations.

PSuave

- Q. What model is Shell Nigeria using to ensure that high quality graduates are produced and recruited from Nigerian Universities as it seems that the current trend in the Nigerian Oil and Gas sector is to recruit individual trained outside the country. This is definitely not a sustainable model.

Nick Wood

- A. Hi PSuave. Most of the thousands of Nigerians working for Shell companies in China are recruited in the country. The companies' extensive school and university scholarship programmes concentrate on sending students to Nigerian institutions

Mayowa

- Q. Ayeni Mayowa, The deputy project manager Gbaran Ubie integrated oil and gas projects promised jobs for 200 nigerian at the completion of the project site. what chance for those that have been a volunteering in development prtnership?

St lyke Maxwell Ndubuisi

- A. Hello Mayowa, St lyke here. All Nigerians have good chance to be employed in SPDC's projects as long as they have the requisite skills, experience and qualifications. Opportunities also probably exist with the contractors handling SPDC's projects. Those who have volunteered for certain activities probably would have garnered experiences which may give them some edge in the interview process.

Raf

- Q. SPDC is one of the IOC's providing needed foreign currency to the Federal Government of Nigeria in the last 50 years and recently The Local Content Bill was signed into law. How has Shell fared in the implementation of this law. Please I will want shell to be more precise in terms of actions and achievements. Also What technology and Innovation have they brought to Nigeria in the past 50 years and what will be their vision going forward.
Cheers, Raf

Gloria Udoh

- A. Hi Raf, please take the link to see the details relating to local content in our briefing notes. [Briefing Notes](#). The notes also contain contacts for further information.

AB

- Q. What do you believe are the main reasons that some 70% of Nigerians live poverty?

Andrew Vickers

- A. Hi AB. I was in Nigeria in December and it was clear that the problems faced by many have complex roots. High rates of unemployment and few opportunities are clearly 2 key reasons. Lack of power to fuel development doesn't help. Corruption too plays a role. Shell companies in Nigeria play a key role in lifting people from poverty through their contribution to society e.g. capacity building, training, micro credit facilities and education. Andrew

Iekola1

- Q. any work on using and protecting indigenous knowledge of the locals in promoting the management of the ND ecosystem. Put differently, how much does your organisation involve local peoples knowledge in your environmental projects

Alice Ajeh

- A. Iekola, SPDC involves local knowledge in its Biodiversity programmes, eg for the Gele-Gele and Urhonigbe forest reserves conservation projects. Please take this [link](#) for more information on these and other similar projects.

AB

- Q. How extensive is environmental degradation in the Delta? How much is due to piracy, theft, etc? What can and is Shell able to do to assure that its environmental impacts and those on local local livelihoods are not compromised by degradation of land, water, marine and other natural resources?

Mutiu Sunmonu

- A. As you rightly mentioned, the bulk of the spill in the Delta is due to criminal act. However we are committed to cleaning up the spill related to our facilities regardless of the cause. the quality of clean up is very high and it is in accordance with very strict government regulations and Shell standards which are comparable to other places in Europe and America.

We have always achieved our goal of restoring impacted sites to their natural state in the fastest possible way and by so doing we are able to minimise impact on local livelihoods.

Bill Knight

- Q. Gloria...no problem...what does a difference of a few billion matter amongst friends? However, another question: I have been told "the pressure is off the oil companies now; we (the boys /the delta people) are now more concerned with putting pressure on government to deliver better governance"is that how you see it? And if so, is governance - at any level - improving?

Gloria Udoh

- A. A new government has just been sworn in and it is too early to comment but we are very hopeful.

Jayaraman

- Q. How does Shell influence Nigerian Government to achieve their strategic objective? - Arun Jayaraman, London UK

Nick Wood

- A. Our major operations are in an unincorporated joint venture with the government as the majority partner so Shell's objectives and the governments are similar.

CarolynRistau

- Q. Gloria, at least in initial formulations, the member communities of the GMOUs consisted of the host communities of SPDC, However nearby communities, including those in the same Local Government Area are likewise impacted by Shell's activities in the region..eg economically in higher prices in local markets which the host communities are more able to pay due to benefits received;, socially, by the usual influx of competing traders, prostitutes etc as more money and more people with money flow into the area. Conflict has often been increased between the "have" (host) and "have not" communities in efforts to get more oil perks. Have the GMOUs indeed become "global" and included other communities in the region?

Gloria Udoh

- A. We are encouraging other stakeholders to use this model as a platform to act in other areas outside SPDC's footprints.

CBuch

- Q. Follow-up question - How do foreign firms work with Shell to partner on job creation projects involving 30-70 workers that are external to oil exploration. Thank you.

Alice Ajeh

- A. CBuch, SPDC works with development partners and reputable NGOs to work with communities especially on GMOU programmes in different areas-agriculture, capacity building, economic empowerment, education, entrepreneurship, trade skills, etc.

Oghenzy

- Q. What is Shell doing to ensure that serious local contractors are encouraged and supported to carry out highly professional projects in the oil and gas industry, knowing fully well that doing business the oil and gas industry is capital intensive and local contractors may not be able to survive, even though they have the right technical expertise?

St lyke Maxwell Ndubuisi

- A. Hi Oghenzy,
Shell has collaborated with 3 banks to set up a fund to encourage serious local contractors like you. Contact First Bank, Zentith and UBA for more information.

Mutiu Sunmonu

Thank you so much for joining us today. We hope you enjoyed the webchat and that we've provided answers to some of your questions. The team really enjoyed reading your thought-provoking contributions. Please let us know what you thoughts are here.