



# Doing business in Nigeria: challenges and questions

July 23rd, 2009  
Session Transcript



# Meet the team

## **Björn Edlund**

### **Executive Vice President Communications, Royal Dutch Shell**

Originally from Sweden, Björn joined Shell in 2005 after seven years with ABB Ltd. He is responsible for Shell's global corporate communications.

## **Basil E. Omiyi**

### **Country Chair, Shell Companies in Nigeria**

A graduate of Chemistry from the University of Ibadan. In September 2005, he was additionally appointed Country Chairman of the all the Shell Companies in Nigeria, SciN, and a position he now holds full time from January 2008, relinquishing the MD SPDC role.

## **Olav Ljosne**

### **Regional Director of Communications, Africa, Shell Exploration and Production**

Olav spent many years in Norwegian politics and their Embassies around the world before joining Shell in 1990. He's worked as our Director of Corporate Communications, our Policy Co-ordinator and is currently our Regional Director of Communications for Africa.

## **Dr Alice Omoni Ajeh**

### **Relations Manager – Nigeria, Shell Exploration and Production**

Before joining Shell, Dr Alice worked for several Nigerian oil development commissions and PR associations , including the NDDC, a development agency that covers the nine states of the Niger Delta. She's also worked as the Director of Programmes for the Federation of African Public Relations Associations.

## **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.

## **Richard Dion**

### **Policy and External Relations Advisor**

Richard Dion works as a Policy and External Relations Advisor in Shell International, concentrating on human rights and revenue transparency policies as well as some of Shell's interfaces with intergovernmental organizations.

## Presubmitted Question

Hello, I have two questions for consideration, for the dialogue tomorrow:

1. How are you managing the local content requirements in Nigeria? (meeting your staffing requirements while satisfying the Nigerian government and local communities that you are providing employment to local people)
2. How is Shell working with the academic community in Nigeria to increase the supply of young people who can join the energy industry in the years to come?

Best regards,

Edouard de Guitaut

Director & Co-Founder, [energy-future.com](http://energy-future.com)

## Olav Ljosne

This answer is for Edouard de Guitaut's question:

1. Local content covers staff and products/services. The majority of Shell staff are Nigerian. However, we also have a number of expatriates working in the Shell operations in the country, a number which to a large extent is balanced with the Nigerians that have been given assignment in other Shell companies worldwide. This enable cross learning and development in a very effective way.

On products and services we are much aware that local production and local contractors are best places to support our business. With local content we both have Nigerian and Niger Delta in mind. Our objective is to contribute to the economic development of Nigeria through sustainable growth in the Nigeria content of our business by encouraging and supporting the development of manpower, acquisition of technology by Nigerian businesses and maximizing opportunities for the participation of Nigerian businesses in our operations.

2. Skills and capacity building are key. We have for years been supporting Nigerian universities through different means, we are sponsoring chairs at the universities, and we have a major scholarship programme for students at Nigerian universities.

Between 3,500 an 4,000 students are presently receiving

scholarships from Shell. The Shell co-operation with universities covers:

Shell Professorial Chairs  
Research & Development Projects  
Sabbatical Attachments

Research Internships  
Graduate Awareness (Attraction) Program  
Shell Guest Lectureship and Summer Schools  
Shell Assessed Internship  
Release of non-proprietary data to University based researchers  
Book and equipment donation/laboratory upgrade

#### **Presubmitted Question**

Dear Bjorn

I would like to discuss the following question.

How often do you remind your majority partner in Nigeria to honour its commitments to "mitigate any negative inputs from your joint activities" (Shell Business Principle 6)?  
I look forward to the discussion this afternoon

Regards Peter Murry

#### **Bjorn Edlund**

Thanks for your question, Peter - this principle is present and alive in all our activities and discussions in the joint venture. Why would a company want to cause "negative inputs"? And if you do, inadvertently, they should be mitigated.

#### **Presubmitted Question**

This is a presubmitted question from Ayodeji Adebola

I live in Nigeria and I have been to the Niger Delta which is where Shell carries out the majority of its operations. It is very hard for me to reconcile the touting of Shell as an environmental friendly company and the degradation I see there.

Now, my questions are these:

(i) why is Shell still flaring gas in defiance of the Government's strong warnings?

(ii) Why lose \$2.5 billion annually when the gas can be harnessed?

(iii) Is Shell not taking the easy way out, instead of investing in technologies to prevent gas flaring?

#### **Nick Wood**

Ayodeji, thanks for your question. The Shell Petroleum Development Company of Nigeria wants to put out the flares and has achieved a lot. So far, more than \$3 billion

has been invested on gas gathering facilities and the amount of gas flared is 60% lower today than it was in 2002 - this includes the impact of lower production due to security issues.

There are plans to collect the gas that is still continuously flared but these have been delayed by security problems, that have meant it is just not safe for staff to work, and by funding shortfalls by the majority partner in the joint venture, the government. Completing the gas gathering programme will cost more than another \$3 billion.

**Fiona**

Does Shell plan to integrate assessment of human rights impacts into its assessment processes in the Niger Delta, following the piloting of this approach in Oman? If so, when will this happen?

**Richard Dion**

Thanks for your question.

We do incorporate human rights issues when making business decisions and have increasingly been looking at human rights in our impact assessment processes. We have used the Danish Institute for Human Rights tools in this work. We have undertaken an internal project on integrating human rights into our project cycle which will see the insertion of human rights references in project guides.

Regarding specific assessments in Nigeria, all projects look at environment, social and health impact assessments,

**Presubmitted Question**

As a Shell customer, I would like to ask you a question regarding the welfare of the localities (people and environment) of the oil fields and processing areas for your products. Do you take or intend to take full responsibility for leaving these places better than or at least in as good condition as you found them? If so how will you do this?

Yours sincerely,

Louise Brookes

**Nick Wood**

Louise, the principles we follow in our operations or projects anywhere in the world are to protect the environment and find ways for people affected by our operations to benefit.

In Nigeria that happens in a number of different ways. Shell contributed \$82 million last year to community development in the Niger Delta. In total, including the contribution of all our partners in the joint venture, that came to about \$240 million. In addition we look to maximise the contribution of local people and companies to the business through employment and contracts. 95% of our staff are Nigerian. Last year 90% of contracts were awarded by the Shell Petroleum Development Company of Nigeria to Nigerian companies.

#### **Presubmitted Question**

First of all, thank you for accepting this web chat about doing business in Nigeria, challenges and questions.

I have always wondered: have you ever thought of the consequences of some of your activities, like polluting the living place of thousands of people?

Like the example given in the monthly journal of June of Amnesty International France :

burning gas => air pollution => acid rains => health problems + deterioration of soils for agriculture.

Don't you think it is YOUR responsibility?

Sincerely,

Mel V

#### **Bjorn Edlund**

Mel - We always want to be available for dialogue. As for your question - of course we think about the consequences of our business activities. You raise the bigger issue about fossil fuels. The energy system that the world has built still depends on fossil fuels, and it looks like this will continue to be the case for decades to come. Now, with the climate change debate and the coming Copenhagen summit, we also see how the world tries to respond - finding ways to cap emissions and progress other forms of energy. We play a role as a company, that's for sure. And we take this responsibility seriously.

#### **Presubmitted Question**

In November 2005, a high court sitting in Benin city Nigeria, delivered a landmark judgement in a case between Shell and Jonah of Iwherekhan community in Delta state, against continuous flaring of gas in Nigeria. Why has Shell continued to flare gas even when this judgement has

never been challenged? Also on Thursday, 2nd July, 2009, Nigerian Senate passed a bill that ends gas flaring by December 2009, what is your comment on this?

Among the many demands of the Ogoni people in Nigeria, was that Shell pays for what they call "35 years of oil theft" from their land. In one of his many speeches, Ken Saro-Wiwa urged the Ogonis to demand for this money as precondition for commencing further oil exploitation in Ogoni. When will Shell pay this money?

AkpoBari Celestine

Ogoni-Nigeria

**Alice Ajeh**

Celestine,

In the November 2005 case, the High Court has granted Shell's motion for a stay of execution of the ruling, pending the hearing of the appeal filed by Shell. On the Senate Bill, Shell acts in accordance with applicable laws of the country. We are as concerned as you to see continuous flaring stopped. In SPDC operations, flaring has dropped by 30% due to the associated gas gathering projects we have embarked on. Including the reduction due to shut in production due to the security situation, flares have gone down by 60% between 2002-2008. Shell pays royalties and taxes to the Federal Government as required by law.

**Peter Murray**

But Bjorn, could you tell us how often you have the dialogue with your local partners - daily weekly once in a blue moon?

**Bjorn Edlund**

Peter - We have weekly and monthly more formal and organised meetings, but we work alongside our partners at many levels every day.

**Shell team member 1**

We're getting a few off-subject questions on fuels, on Shell activities in European countries, etc. We'll not respond to those now, but will pass them on to our appropriate colleagues so they can get back to you.

**Aggy**

Shell has said that their data on gas flaring showed 'no huge overriding concerns'. What does this mean? Can we see the data?

**Nick Wood**

Aggy, thanks for the question. The World Bank has reported that the environmental and health significance of gas flaring in the Niger Delta was low. Any negative effects of flaring are confined to the immediate vicinity of the flare and will have little or no impact on the health of the local populations.

To add some more perspective, the Shell Petroleum Development Company of Nigeria has fewer than 110 flares in an area the size of Portugal.

**Presubmitted Question**

I was stuck by this sentence in the 'Independent' on 1 July: "Independent auditors estimate that up to 13 million barrels of oil have been spilt in the Delta, an amount equivalent to an Exxon Valdez disaster every year for 40 years". What steps are Shell taking to clean up the environmental pollution caused by what seem to be lower working standards than those that operate in the UK? For example: An oil spill occurred at Kira Tai in Ogoniland on 12 May 2007. What steps have been taken to clean up the pollution caused and have the communities adversely affected received any form of compensation? Why has Shell ignored the investigation's finding that corrosion was the cause of this spill?

Phil Adams

**Olav Ljosne**

Thanks Phil,

We are as concerned about oil spills as you are. Remember that the majority of spills follow attacks at our installations, cutting into pipelines or spills that follow the oil theft which is a major problem.

To be able to assess damages and clean up as speedy as

we want to, it requires safe access for our staff. This is not always the case in the Niger Delta, and our handling of the spills gets an unfortunate delay. Following access we stop leaks and make an assessment together with authorities and community what clean up is required.

Irrespective of reasons for the pollution, we are cleaning up. We are not producing oil in Ogoniland, and left in 1993 because of the safety of our staff. We are anyway cleaning up where leaks appear, and all information about reasons for the spill is handled very carefully by our teams.

#### **Kal-EI**

What percentage of your workforce in Nigeria is from local communities? Do you have training practises in place to train local work forces rather than gathering people from outside the country?

#### **Bjorn Edlund**

In the staff workforce, some 60 percent of the workforce comes from local communities. In the affiliate workforce (contractors), the percentage is much higher.

#### **Presubmitted Question**

From Fiona McLaren:

Will Shell commit to stopping all gas flaring in the Niger Delta?

Will Shell commit to conducting reports into the human rights impact of their work in the Niger Delta and ensure this is made available to local and international communities?

Will Shell commit to acting to stop all oil spills in the Niger Delta promptly, followed by a swift and thorough clean up?

Thanks

#### **Basil E. Omiyi**

Shell has continued to express her commitment to ending routine gas flaring in the Niger Delta, demonstrated by the US\$3.0 billion so spent on the programme and achieved reduction of some 60% since year 2000 levels. It will require some US\$ 3.0 billion additional investment to complete the programme. As you can imagine, how fast we progress this depends on resolving the industry funding challenge (hopefully to be resolved by the Govt. proposed industry restructuring) as well as the security situation in the Delta. Shell has been committed to achieve

best practice in oil spill mitigation through improved asset integrity programme. But you must be aware that in 2008 , some 85% of the volumes of oil spilled was caused action of criminal gangs involved in crude oil theft or wilful damage to pipelines by militants. This needs to be addressed by the government security agencies. Shell by her Business Principles and signatory to the Voluntary Principles on Human rights approach these matters responsibly.

**ifufu**

Hello,

The Nig Govt recently announced that the licence for Shell's Ogoni fields have been revoked and Ogoni community leaders have said they do not want Shell to return to Ogoni.

Questions are:

1. Is Shell ready to accept the decision of the Nigerian Government and Ogoni people and leave Ogoni land?
2. Does Shell believe it can still operate in Ogoni land? If the answer to this is no, what are the qualifications of the new company that you will like to see succeed Shell in Ogoni? If yes how soon do you think Shell will be able to return to Ogoni?
3. Why did Shell settle the Wiwa case out of court? Was it partly to compensate the victims of the military oppression in Ogoni so as to enable Shell to return to Ogoni land?or was it to avoid the rendering of a guilty verdict on Shell's role in the Ogoni crisis?

Thanks.

**Basil E. Omiyi**

The Government did not revoke Shell's Licence in Ogoniland. Government has expressed preference for another party in the Joint Venture to operate the Ogoni oil fields. The party they would like to hand the operatorship to is the operating arm of NNPC who is the majority partner in the joint venture.

Shell fully accepts this and it is line with the Joint Venture's Joint Operating agreement (JOA) which states that any of the four partners can operate the fields.

**Shell team member 1**

We're getting the same question many times repeatedly, so please check whether the question you're asking has already been answered before submitting. This will allow us to cover as many subjects as possible.

Thank you.

**Vero**

Hello,

Why is Shell not disclosing the information they have related to assessment of the environmental, social and human rights impacts of all oil and gas projects in nontechnical language?

**Olav Ljosne**

Hello Vero,

Thanks for your good question which basically is a comment. We are an oil and gas company and our language tend to reflect so,- and sometimes too much in our communications. I am very open to have concrete comments as we try to be as informative to as many stakeholders as possible.

Olav

**Maryella**

In resource rich countries, there is a long history of tendencies toward corrupt practices between extractors and governments due to the immensity of the wealth being generated. In Nigeria, this history has been long documented, and the government continues to have a strong reputation for corruption. What is Shell doing to move toward more transparency and accountability? Are you supporting the EITI in Nigeria, and if so, what steps are you taking to comply?

**Richard Dion**

Maryella, thanks for your question. We have been involved with EITI from the very beginning, drafting some of its earlier principles and working with governments in Nigeria, Gabon and Cameroon specifically regarding implementation. We were the first company to publish what we paid to the Nigerian government. Shell is also represented on the Board as well as on the Stakeholder Committee in NEITI.

**Becky**

Hello, I have a couple of questions: i) Will Shell support an independent assessment of the environmental and social impacts of its operations in the Delta, including the provision of access to all relevant reports and studies since (and before) it began its operations in the Niger Delta? ii) Shell states its commitment to contribute to sustainable development through its decision-making; and in its business principles Shell states that "We continually look for ways to reduce the environmental impact of our operations, products and services".

Is Shell willing to adjust its Business Principles to take this further by committing to also rehabilitate all its sites to their previous condition, or better, where a negative impact on communities and the environment has occurred as a result of its operations?

Thanks, Becky

**Nick Wood**

Becky. We regularly work in partnership with NGOs and other organisations in our community development work which involves assessments of the impacts and needs of people and the environment.

The Shell Petroleum Development Company of Nigeria (SPDC) is supporting an independent assessment of the impact of oil spills on the environment in Ogoni land, being led by the United National Environment Programme. SPDC does restore operational sites and sites where there have been spills. We report information related to this at

[www.shellnigeria.com/briefingnotes](http://www.shellnigeria.com/briefingnotes)

**Christopher**

Hello,

I will like to ask this question to Bjorn Edlund. Examining the overall Corporate Governance Policy of Shell, There is a focus on corporate social performance (CSP). How is this CSP institutionalised to benefit the Nigerian society especially the Niger delta where Shell is operating?

**Bjorn Edlund**

You will find a lot of information on the Shell Nigeria website. Let me pick out a few facts - in 2008, Shell-run companies in Nigeria awarded contracts worth more than 900 million dollars to Nigerian companies. We employ some 6,000 people in Nigeria - both direct staff and contractors.

Shell contributed 58 million dollars to the Niger Delta Development Commission in 2008, as required by law. So there are many ways we institutionalise the benefit to local society, as you phrase it. The main benefit of course is our economic contribution. Our Nigerian company SPDC contributed more than 34 billion dollars to the federal government between 2005 and 2008.

**Fred**

Shell's EA crude blend production in Nigeria resumed on July 2 after being halted for more than 3 years. What level of production are you at currently and when do you expect to reach the level prior to the outage, which was I believe 150,000b/d? Also, when do you expect the force majeure clause on EA exports to be lifted? Regards, Fred

**Olav Ljosne**

Hello Fred,

Thanks for your question, and I can confirm that we are back in production from the EA field. We never publish daily production figures. The production level before shut in after militant attack in February 2006 was 115,000 barrels of oil a day.

Olav

**Fiona**

Does Shell believe that pollution and environmental damage associated with the oil industry (including oil spills, gas flaring, waste disposal, river dredging) over the past five decades has contributed to poverty and conflict in the Niger Delta?

**Basil E. Omiyi**

Yes, but even more so is the baseline demand of the people of the region for the Federal Govt. to grant them greater share of the oil proceeds (a political matter), as well as corruption, criminality, and general poor governance.

**charlessheridan**

Has Shell been able to look at my question about modifying refineries to use CO<sub>2</sub> as a feedstock? Charles Sheridan

**Shell team member 1**

Hello Charlessheridan,

We are exclusively focusing today's discussion about our operations in Nigeria, but we will pass your question on to our colleagues in the appropriate department and ask them to get back to you.

**Inroads**

How much money is made as profit from Nigerian Oil? How much of it stays in Nigeria?

thank you, Louise

**Bjorn Edlund**

Louise - Nigeria depends on oil for about 80 percent of government revenue. As I said in a previous answer, our Nigerian company SPDC contributed more than 34 billion dollars to the government 2005-2008. The government receives some 95 percent of the revenue after costs from our onshore production, which is managed by SPDC.

**PaulAtJustmeans**

Bjorn, I am sure Shell conducts tests etc to ascertain what the effects to the total environment (waterways, seas, air, human etc) might be or have been regarding the business activities, are there any reports available that we can see?

**Bjorn Edlund**

Paul - you can look for the Shell teams in the Shell Sustainability Report, which is available on our website.

**Joatham**

How does Shell enforce the commitments it makes to not engage in any bribery or corruption, including not accepting a bribe, facilitation payment or kickback? Are you really able to stop your employees from engaging in such behaviour?

**Richard Dion**

Joatham, thanks for your question.

Before we enter any country, we ensure that we can comply with Shell's General Business Principles. Principle

3 regarding business integrity makes it explicit regarding bribes and facilitation payments. It has happened that we have had to terminate contracts for violation of business principles and we report on this publicly in our annual Sustainability Report. Several years back, we established an Ethics and Compliance Office which I think demonstrates our commitment in this area.

These habits are part of society, no company can be entirely immune, but that's why we have a clear policy, backed up by an enforcement programme, with terminations. Corruption is bad for business, and can have financial as well as legal implications.

#### **Shell team member 1**

Quite a lot of questions have just come in. All the team members here are working to get as many as possible answered in the next half hour. You can still send new questions for the next 15 minutes.

#### **Veen1966**

Hello,

will Shell stay in Nigeria regarding the attacks on oil pipelines?

#### **Alice Ajeh**

Hi,

Although the situation is challenging, Shell is in Nigeria for the long haul. We have been in Nigeria through a very difficult time in her history-the civil war. We have a genuine desire to work with the communities and the government to find solutions to the problems faced in the country. As a Nigerian myself, I'm proud of the contributions we make. In the past four years for instance, SPDC has contributed more than \$34b to the government. About 95% of the revenue after costs from our onshore operations in Nigeria is paid to the government in taxes and royalties. Shell employs about 6,000 staff and contractor staff, 95% Nigerian and about 20,000 people employed by contractors working for SPDC.

**Emybrad**

Hi Nick,

Just wondering. If shell contributed \$82 million dollars for community development last year, why then do Shell still has issues with the community?

**Nick Wood**

In any country in the world the government has primary responsibility for the development of its people and this is true of Nigeria . . . . and the Niger Delta communities.

The contribution that Shell makes anywhere it operates is intended to supplement this.

Most of the 30 million people living in the Niger Delta remain poor despite oil production. Unrest has grown. Frustrated by the lack of benefits from oil production, communities have targeted the operations of energy companies including Shell. They demand better public services and a greater share of government revenues.

The funds we contribute in our social investment will not solve the problem but we do our best to make a difference. Our greatest contributions are through the taxes and royalties we pay. The federal government receives about 95% of the revenue after costs from oil and gas production in the Niger Delta.

**RON EDEMA**

I would like to know cooperate social responsibility (CSR) strategy put in place to give Peace to the region?

**Bjorn Edlund**

Peace is the one thing we aim for more than anything else. We are working with local, state and federal authorities as well as local communities in several ways to try and find solutions to the tensions and conflicts in the region.

Our strategy is to be a positive contributor in any way we can. We cooperate with NGOs and other development partners to find practical ways to contribute to peace. Much of the situation in the Niger Delta is totally outside our "control" of course, and peace will depend of others, like the militants, coming to the table with better intentions than in the past.

### **Presubmitted Question**

At present, what is the proposed structure of the Kiisi Trust (to which the recent settlement money will be directed)? Is there a model for this kind of undertaking in Nigeria? How will progress be measured?

Shell's purpose includes the statement: "We aim to work closely with our customers, partners, and policy-makers to advance more efficient and sustainable use of energy and natural resources." Was it a conscious decision not to include other stakeholder groups (employees, communities, etc.) in this statement?

Aside from the settlement money, how much of Shell's community development contribution (\$240 million in total, \$82 million from Shell in 2008) has directly benefitted the Ogoni? What programs have been implemented? Is the continued use of Ogoni land for pipelines a point of contention with the Ogoni? Does Shell directly compensate the Ogoni for this right to operate? Sustainable economic growth in Nigeria depends on economic diversification (promoting manufactured exports and supporting agricultural development). Shell can't necessarily set Nigerian economic policy, but it has already contributed millions to small businesses and job training. Has Shell considered increased investment in cleaner biofuels and green technology in the Delta? jonathan feinstein project coordinator, CSR

### **Olav Ljosne**

Hello Jonathan,

The trust fund is handled by an independent board of trustees appointed by the plaintiffs so you need to raise this with the board.

Shell stopped operations in Ogoni-land in 1993 because for security reasons. We have anyway been running important community programmes within Ogoni.

We have a leading portfolio of biofuels technologies, these are located mainly in North America and Europe - please find out more on [www.shell.com/biofuels](http://www.shell.com/biofuels) - and also invest in a range of CO2 technologies such as Carbon Capture & Sequestration. In the Niger Delta we focus on operating our assets efficiently and safely, and also work to mitigate environmental impacts, however you will be aware that the security situation in the Niger Delta has a major impact here.

Olav

**Daubenton**

What would be the likely consequences on Shell and on Nigeria as a country, if Shell simply stopped all operations in Nigeria.

**Olav Ljosne**

Hello Daubenton,

Shell has never considered to stop our operations in Nigeria so your question is hypothetical, We have no intention to leave Nigeria where we have operated for over 50 years.

Olav

**Alagss**

Hi, how do we ensure we get a true sustainable development for Nigerian Oil producing communities and what are our own grouse about the current petroleum Industry Bill before the National assembly?

**Basil E. Omiyi**

You may be aware that the most crisis impacted parts of the Delta is the marine and riverine part completely devoid of Government's social and economic infrastructure. This has hampered development. The little there is is what Oil companies have provided.

But given that this is an area the size of England the oil companies can help but really it is for Government to do. In summary, the solution is for Government to integrate the region with the rest of the Nigerian economy through infrastructure investments and businesses will move in there to create jobs and livelihoods.

There are many good things about the PIB and many areas that need improvements so that Nigeria will continue to attract FD investment dollars in a competitive capital short world. We Share Government's aspiration for oil and gas growth, higher revenue and domestic gas and power urgency.

**Paul**

Thanks for that comment, Richard Dion. Are there any available human rights assessments or can you point me to an environmental and social impact assessment that includes analysis of human rights? I have been trying to understand how these are currently conducted.

Paul Lawrence

**Richard Dion**

Paul, Fiona,

I'll answer this jointly as you asked similar questions. We have published impact assessments in other countries, such as the Sakhalin Energy project in Russia's Far East. The publication of impact assessments was one recommendation coming out of the recent Amnesty International report and this is something that we are studying.

**Dill**

Dear Nick,

If Shell have spent all these millions on community development and put so much effort in sustaining the environment, how do you explain the levels of contamination that affect both the health and the livelihoods of so many of the local people, particularly in Ogoniland, as reported by Amnesty International.

**Nick Wood**

Dill, this is a very generic question. As far as livelihoods go, the oil industry generates employment. 95% of Shell Petroleum Development Company (SPDC) staff are Nigerians, many from the Niger Delta. There are approximately another 20,000 people employed by contractors working for SPDC. 90% of contracts let by Shell last year were to Nigerian companies.

In terms of health you will have to be specific but we built hospitals for communities in the Niger Delta, run malaria programmes and an AIDS programme that won an international award in New York last month. Our work is all about improving health.

**DUMLETAM**

Why does Shell fear committing to adhering to international standards, example, standards that require the conduct of Social Impact Assessment Studies(SIAS) Environmental Impact Assessment Studies (EIAS) and Economic Impact Assessment Studies (ECIAS), especially when it comes to doing business in the Niger Delta?

**Bjorn Edlund**

I don't know where you get the idea from that we're afraid to adhere to international standards.

**akirraboo**

Please excuse the inevitable cynicism that emanates from this question - but given the information at hand, I find it difficult to accept the 'rose coloured' picture being painted here. I would, however, find it far easier to see Shell emerging from its past recklessness (of which all petroleum companies are guilty) if certain materials were made public - obviously that includes certain studies and data (as requested by Amnesty) but on a PR level, perhaps some evidence of the millions of dollars spent in the Niger Delta region rebuilding the community and addressing environmental issues.

Clear records identifying where money went, how it was used and by whom, and media records of the 'benefits' now being enjoyed by local communities. I would find such information so much more convincing than just this Q&A format (though I appreciate this dialogue) and certainly better than the 'we're so green' marketing ads.

I sincerely thank you all for your time,

Alison.

**Bjorn Edlund**

Alison - we report on these aspects in our sustainability report, and on the Shell Nigeria website.

**Charlesheridan**

Would Shell look at helping to solve two problems at once? Would Shell look at the possibility of building skid mounted bottling plants that would draw on the gas stream going to flares? This gas would be part of a community program to provide jobs and income by donating bottled gas to the local community.

Charles Sheridan

**Alice Ajeh**

Dear Charles,

Thanks for your concern and interest. We would like nothing better than to see the flares put to good use (as we are doing with the gas gathering projects currently on-going). We are also interested in options to benefit the communities and are working on options with NGOs and other agencies with like ideas which will be sustainable.

**isaac boro**

Olav Ljosne, re Phil's question, can you prove most spills are caused by attacks to your installations? Shell's infrastructure is over 40 years old in many areas, well beyond the normal lifespan of pipelines. In that case, it would seem most spills are caused by company negligence. Why do community leaders repeatedly claim Shell is unresponsive to their pleas to clean up spills?

**Olav Ljosne**

Thanks isaac,

We have a proper assessment of each spill through a joint investigation team composed of representatives from the authorities, the community and Shell. Based on their reports we know the reasons for the spills. Shell is maintaining the infrastructure and your indication that spills happens because of negligence is wrong. Shell is giving all spills immediate attention, but where we are denied access to the spill sites we get delayed.

Olav

**Caroline Rees**

Dear Bjorn, Thanks for hosting this webchat. I look forward to learning from the exchanges. I would be interested in knowing what systems or mechanisms Shell has in place to handle concerns/complaints/grievances/disputes from communities around its operations and how these work.

**Basil E. Omiyi**

Shell has an open door policy for concerned persons or organisation to express their views on our operations. We have published complaints hotlines but in country and out of country to give options to people who wish to use them.

**Michael Persson**

We've seen a lot of activity of the MEND lately. Are you trying to negotiate with them or do you leave that to the government?

**Nick Wood**

Michael, this is government matter.

**Christtuk**

Also, between 2003 and 2005, Shell established a Pipeline Integrity Management System in the Niger Delta and carried out an asset integrity review (which examined the condition of Shell's pipelines). Why has Shell not made the full results of the asset integrity review public?

**Basil E. Omiyi**

Maintaining Asset integrity is a continuing business activity with parts of the organisation fully devoted to this. The biggest challenge today is not about reports but about stopping the continuing criminal wilful damage to oil and gas assets especially pipelines.

**Desiree Abrahams**

Thanks for the opportunity to post a couple of questions. It's good to hear that you have been considering human rights issues in your impact assessment processes. Do you feel that the process you've adopted has adequately met Shell's needs? Are there any lessons learned you can share?

**Richard Dion**

Desiree,

Thanks for your question.

Throughout the last number of years, we have learned a great deal from projects and regularly carry out reviews which look at how we can perform better in future projects. We are continuously learning - we haven't gotten it right always, but we have improved in a number of ways with regards to potential environment, social, health and human rights impacts of our operations. Equally so, we are continually learning how to maximise the positive from our presence on the ground. We have shared some of these learning's informally in various industry associations where we consider issues related to our industry.

We closely follow societal developments in terms of the expectations for companies to respect amongst others things human rights, and keep under review whether we

have in place policies and procedures to properly address the needs.

**Geertritsema**

Dear Mrs Alice Ajeh,

I am referring back to your answer to the question posed by AkpoBari Celstine from Nigeria.

I am sorry to say, but I think you are avoiding his key question: will Shell stop gas flaring in Nigeria by December 2009 ?

Apparently stopping gas flaring by the end of this year is required by the Nigerian Senate. Furthermore, Shell Nigeria itself has promised in its annual report in 2006 that it 'intends to shut production at oil fields in 2009 where no solution has been found to gather gas.' So I repeat the question: "Will Shell stop the flaring of gas in Nigeria by the end of 2009, as required by the Nigerian Senate and as promised by Shell Nigeria in 2006" Please a clear "yes" or "no". Thanks in advance for your answer,

Kind regards,

Geert Ritsema Friends of the Earth Netherlands Amsterdam

**Alice Ajeh**

Dear Geert,

The Senate proposed stop date for flaring is December, 2010. However, all Oil and producers in Nigeria including SPDC have been advised by the Federal Ministry of Energy to maintain the status quo with respect to the flares until further explicit government directives on the issue. It is simply not up to Shell to act unilaterally against the express wishes of the government. As you know, flaring is a waste of resources and we are equally anxious to complete our programmes to harness the gas.

**Rathfern**

Why does Shell find it impossible to admit it is one of the principal contributors to pollution and human rights abuse in the Niger Delta?

**Bjorn Edlund**

Because it simply isn't true. First of all we recognise and take action where we can to remedy pollution, whether it is caused by our operations directly or by sabotage. And it is simply wrong to say Shell abuses human rights.

**beclo**

Does Shell believe that pollution and environmental damage associated with the oil industry (including oil spills, gas flaring, waste disposal, river dredging) over the past five decades has contributed to poverty and conflict in the Niger Delta?

**Olav Ljosne**

Hello Belco,

The challenges facing the Niger Delta are complex and covers poverty, unemployment, growing population, governance and several other issues. Handling of these issues are for the State and Federal government and for the communities to handle. The oil industry's footprint is impacting on small parts of the delta. Something you will know if you have been in the area with the size of Portugal. Environmental impact is according to the World Bank mainly from local industrialization and population growth. We are handling environmental issues linked to our operations.

Olav

**Mjc**

Is Shell acting in an ethical way?

**Richard Dion**

MJC - thanks for your question.

Our core values of honesty, integrity and respect for people as well as our Business Principles and Code of Conduct require that we act ethically. Our staff and stakeholders want us to behave ethically. Our business is not a short term business. We have not been around for over a century by cutting corners and acting unethically. That's not to say that we are perfect.

All companies like other institutions frequently have to deal with dilemmas and our principles help us reach decisions. It simply doesn't pay to act unethically when you are in business for the long term.

**H\_Shaw**

Has Shell done any studies or data gathering on the impact of oil operations and oil pollution on fisheries or agriculture in the Niger Delta? If so, will Shell publish them?

**Olav Ljosne**

Thanks, and I am sure you are referring to the Niger Delta Environmental Survey that has been done for all the oil companies operating in Nigeria. We have been of the opinion that this should be published, and we will raise that with the other companies behind this study.

Olav

**Mostmodern**

The loss of civilian lives in the recent military offensive in the Niger Delta is a cause for grave concern. The offensive indicates that the Nigerian military is more interested in protecting oil company facilities than it is protecting its people. Is it in line with Shell's business principles to operate behind a military shield in the Niger Delta? What is the consequence for human rights in the region?

**Bjorn Edlund**

We regret any use of violence. Of course it is not in line with our principles to operate behind a military shield. In the Niger Delta, we've seen violence escalate in recent years, as armed militants have attacked oil installations. It is hard to make sure that our staff and operations are safe, in this situation -and as you know we have shut down parts of our operations since 2006.

**Shell team member 1**

As you'll have noticed, we have received a lot of questions, and the team is still answering as many as we can.

We may not be able to answer all of them before closing the session, but we are doing our best and will continue to work offline after the session closes.

Again, all participants will receive an email from us soon announcing that the transcript with the questions and answers is on Shell Dialogues.

**angelo de souza**

hello. i would like to ask: is shell optimistic about peace in delta (end of militancy, vandalisation, kidnapping and so) as a result of the amnesty proposed by the govt?

**Basil E. Omiyi**

Given the fact that the political demand by the people in the Niger Delta for a greater share of the oil income is the main cause of the crisis in the region (as every person in the region will tell you) and not pollution or other secondary issues, I believe that the current dialogue between the Federal Govt and the people of the region if approached honestly and generously will lead to a solution.

Oil in itself is not the issue and it in fact a blessing. It is how the blessing is managed to meet the needs of the local communities and host government as well as how it is used for the needs of the world.

**AYOOLA**

What is the overall impact of the drastic reduction in Shell production in Nigeria on the long-term sustainability of Shell business in Nigeria?

Would it be right to conclude that in the face of the prevailing security situation, incessant attacks on production facilities and infrastructure, constantly declining production and restricted access to field locations; doing business in Nigeria would become unprofitable for Shell?

What is being done to ensure that Shell does not get to this point?

**Olav Ljosne**

Hello Ayoola,

Shell has been in Nigeria for around 70 years and has produced oil for over 50 years. You are right that the situation is challenging. But Shell is important to Nigeria and Nigeria is important to Shell. The main focus is safe operations and as little impact on the environment as possible. Security is a responsibility of the government. Several initiatives have been taken, and I am convinced that we will operate in Nigeria for long time ahead.  
Olav

**Segun**

Are we working on how to mitigate the impact of the PIB if passed as is?

**Basil E. Omiyi**

Yes indeed.

**Wmsimon**

17. The Niger Delta Environment Survey (NDES) was initiated by Shell in the mid-1990s and reportedly cost several million dollars to carry out. It was subsequently established as an independent entity. It looked at a wide range of environmental issues and impacts, including human health and pollution, and is reported to comprise 53 volumes. It has never been released. Can Shell explain what it is doing to get this data released?

**Olav Ljosne**

Please see my previous answer on the same issue,

Olav

**Charles**

Hi Nick, You said in your answer to Beck's question that SPDC does restore operational sites to its original situation before operating in it. How true is this statement considering that facts and pictures of what has been reported in the news media.

**Nick Wood**

Charles, if you are talking about oil spills, we are committed to cleaning up and restoring the sites not matter what the cause. Most of the oil spilled is due to sabotage which creates an enormous environmental problem.

**ibukun**

Hi,

It is obvious that the crisis in the Niger Delta has affected Shell greatly as an organisation. How does Shell hope to ensure that the Nigerian Government meets the needs of the people in this region, so as to be free to continue business with support from the people in the Niger Delta?

Regards

**Basil E. Omiyi**

We ensure we are on the table where solutions are being discussed and play our legitimate business role in being part of the solution. We continue to advocate that a people centred and development led solution is what will be sustainable. This is the heart of our Business Principle and Corporate Values.

**aggy**

Does Shell think that government failure to protect rights does not absolve Shell from responsibility for their actions?

**Richard Dion**

WM Simon and Aggy,

You've asked the same question, thus a joint answer. You of course are referring to the mandate of Professor John Ruggie, UN Special Representative on Business and Human Rights, where his framework discusses the state duty to protect human rights, businesses to respect human rights and providing access to remedies. We have been following the Ruggie mandate closely as well as working closely with the Danish Institute for Human Rights and the Institute for Human Rights and Business as well as governments where we operate to help us in clarifying our obligations on the ground.

We cannot replace the state and its role in protecting human rights. We can however play our role in respecting human rights and ensuring that we carry out business in a responsible way. Even when there are difficulties related to

government fulfilment of protecting human rights, we are committed to running our business ethically and responsibly.

**mostmodern**

Dear Bjorn,

Your colleague Basil Omiyi admitted minutes ago that oil industry pollution was driving the conflict. Isn't gas flaring a violation of human right to clean air water, livelihood and dignity?

**Bjorn Edlund**

Thanks for the question - as you know, we aim to stop flaring as soon as we can. If you want to know more, please visit [http://www.shell.com/home/content/responsible\\_energy/shell\\_world\\_stories/2008/flaring/](http://www.shell.com/home/content/responsible_energy/shell_world_stories/2008/flaring/). This is a high priority.

**Ifufu**

Hi,

I have just read in one of your answers what looks like Shell talking point - amount spent on community dev. One of the major criticisms against oil companies in Nigeria is that despite the huge amount of money they've spent, sometimes it does not show in the lives of the people or their communities in terms of infrastructure.

How will Shell ensure that all the millions of dollars they disburse actually get to the people that need it and that it reflects on the infrastructure in the oil communities?

**Olav Ljosne**

Hello,

We are as concerned as you ensuring that the money is used as planned and agreed with the communities. General development of the Niger delta will anyway be

a responsibility for the State and Federal government. What we do will come in addition and support some social, infrastructure and educational in community around our operations, beside thousands of scholarships to high school and university students.

Olav

**Tundebello**

As far as I am concerned the need for re-orientation of people of the Niger Delta and the desecration of its environment are the major problems. What is Shell doing to galvanise investment in human capital and sociotransformation of the people of the Niger Delta and tackle the environmental challenge once and for all?

**Alice Ajeh**

Tunde,

Shell recognises that human capital development is key to the development of the Niger Delta. From the earliest days, Shell was involved in secondary and Tertiary level scholarships. SPDC has several Youth training schemes to develop technical and entrepreneurial skills as well as training for the oil and gas industry called the Shell Intensive Training Programmes (SITP) for graduates and non-graduates. Shell also works with Universities to provide work experience for Engineering and geosciences students. We also support entrepreneurs through micro credit schemes.

**Michael Persson**

We know that you pay royalties and taxes to the central government. Do you think a fair deal of this money is redirected to the regions where you operate?

**Basil E. Omiyi**

It is very difficult to agree on what is fair and we leave that to Nigerian people and their Government to decide. We do know that the needs on the ground in the Delta are currently not being met. This could mean the region does not get enough or that what they get is not properly applied for all sort of reasons...

**Fiona**

If you are blaming the Nigerian government for many of the problems in Nigeria, then why do you continue to supply them with 80% of their revenue? Do you not think this money could instead be distributed to local communities, so improvements can be made from a grass root level up?

**Richard Dion**

Fiona,

Issues around revenue transparency and distribution have been centred around Nigeria for a number of years. The government did recognise a number of years ago that there was a problem regarding transparency and took leadership

in supporting the EITI from the beginning. We also took leadership and became the first company to publish in Nigeria.

The government has allocated more money towards the producing states over the last several years, which has addressed some of the local population's concerns. We realise that there are still some debate regarding continual allocation and we look forward to working with government should they require our assistance in addressing outstanding concerns.

#### **inroads**

Hi, please could you tell me as a shell customer about how you address your responsibilities regarding the welfare of the people and the environment in Nigeria, thank you

#### **Alice Ajeh**

Hi,

We consider ourselves corporate citizens of the communities we operate in. Apart from statutory contribution to the government developmental agency (NDDC), we currently work with the communities, using development partners to advise them. In 2008, Shell spent \$25.2m for community development programmes including health, agricultural development, economic empowerment (micro credit) and human resources development, etc.

#### **Bjorn Edlund**

Hi - thanks for taking part in this dialogue session. I would be surprised if we did manage to respond to all of your questions to the satisfaction of each and everyone of you. But I expect you will also understand that we will be firm if we disagree with the tone and content of a question. We look forward to the next engagement.

**Shell's Nigeria webchat team received hundreds of questions before and after the webchat on July 23rd. It is not practical for the team to answer each one individually.**

**However, many of you asked similar or multiple questions, so our team have collated their responses to these under a series of headings.**

**Thank you again for your participation.**

## 1. Gas Flaring

### Presubmitted Question

We have received a presubmitted question from Phil Moore: Dear Shell Dialogues, Thank you for allowing this opportunity at e-dialogue. My questions: what do you propose to do about gas flaring? Many thanks, Phil Moore

### UGO.EZEANYIKA

Gas flaring is still a major occurrence in most of Shell's operations and its impact both on the environment and on those living in these Niger delta field are quite significant. Having worked on several SPDC locations both in the east and west of Nigeria, I have personally witnessed the devastating effect of gas flaring. My national service in Sangana-Akassa also afforded an opportunity to live and interact with people living in a typical oil community and I could see that most of them had developed a deep rooted anger for oil companies as a result of their alteration of their natural environment which deprives them of their primary source of income, being fishing and farming. Since this is the case, I want to find out if Shell has invested any resources in technologies such as the carbon capture and storage in Nigeria to check the adverse effects of its production of fossil fuels, as championed by other leading oil companies in other oil producing regions of the world

### aggy

Gas flaring releases a mixture of toxic chemicals, including Benzene, which has been linked to cancer, leukaemia and other serious illnesses. How can you claim it has no negative health impact?

### Charles

Thanks for this opportunity to discuss a very important topic. My question is on gas flaring. Why was the option to harness the use of gas not part of the original development concept for Shell in Nigeria? Instead we took the easy way of gas flaring which is now hurting us (thinking it is not an issue)? Is this not a mistake on the part of the decision makers when the development concept was endorsed?

**RCBrown**

Dear Alice Ajeh - You say that Shell was granted a stay of execution over the November 2005 gas flaring case, but neglect to add that one of the conditions of this was that Shell and NNPC stop gas-flaring activities by 30 April 2007, according to the Federal High Court of Nigeria. The original ruling also unambiguously declared gas flaring a violation of human rights. To what extent do you consider your policy and actions in line with this ruling?

**Dill**

Dear Nick, Thanks for the reply. When I asked about livelihoods I had in mind things like agriculture and fishing. The oil spills have affected these adversely, and I am not clear whether the people living from these are the people you employ. Similarly, while it is commendable to run malaria and aids programmes, what about the health consequences of flaring and oil spills. These are, after all, areas where you have a more direct responsibility.

**Edison**

Hello there, I would like to ask, what plans are there to effectively train Shell (particularly SPDC) staff that are involved in the gas flaring projects to ensure the projects are properly executed and operated?

**Agaba**

Hello, considering your operations in other regions on the world 1.could you please explain to us why gas flaring is still a problem in Niger Delta? 2. Have you done enough to prevent oil spillage in region?

Ngwoke Kenneth Queen's University Belfast

**ed reed**

Hi, gas flaring in Nigeria is clearly a big problem and the government has pushed back its gas flare-out repeatedly, now I believe there is to be no more flaring after December 2010. Can Shell meet this target? And what future do you see in the Nigerian gas market? Thanks in advance, Ed Reed

**John**

I'm curious as to why the government is delaying the capping of the flares. Do you have any idea why they would want the flares to remain? Thanks for being so open in your answers, this type of dialogue is helpful in understanding the problems that companies encounter in trying to address climate change issues as well as social concerns.

**gerbil**

Nick, you say flaring will have little or no impact on the health of the local populations, and Alice you say Shell has reduced flaring by 30%. My question: have you surveyed

the local populations near your 110 flare sites about the impact of gas flaring on their health? Particularly with regards to respiratory problems, which have been reported amongst many children in the Delta but have apparently gone uninvestigated.

## **Bickel**

We have worrying information from our partners in Nigeria - that Shell is very delayed in fulfilling its Global Memoranda of Understanding with the host communities (social investments in schools, hospitals, other infrastructure etc.), - about ongoing gas flaring which violates the human right to health (UN Covenant on Economic, Social and Cultural Rights) and fuels climate change despite Shell's year-old promises to effectively stop gas flaring - about non-reparation of tremendous oil spillages which harm the environment, and which are in its majority due to oil pipelines, not to "sabotage". The oil spillages destroy the communities' ability to practice subsistence farming and violate their human rights to food, water, health and a clean environment. The recent payment of indemnization to the Ogoni people is insufficient greenwashing if Shell does not improve its everyday performance!

## **Gas Flaring**

### **Shell team answer to questions asked under this theme**

First, no-one wants flaring. It is not good environmentally and it is not good economically, and we would have liked to have stopped it well before now. So why flare in the first place? That's because Nigeria's oil contains a lot of gas, which is produced with the oil. When the fields were first developed there was no local market for the gas, and the fact that many Nigerian reservoirs are small and geologically faulted meant that it couldn't be reinjected. And, of course, there was no awareness of global warming at the time. So the gas was flared, in line with normal industry practice. And bear in mind that the flares were generally installed away from where people were living - it is the communities that have since grown up around industry operations.

Naturally, as an energy company, Shell would like to use the gas as an energy source. In fact, Shell was the first energy company in Nigeria to have a domestic gas business, and

SPDC currently produces some 70- 80% of Nigeria's gas supply. It's also progressing a number of additional gas projects.

The only other way of stopping flaring is by not producing oil in the first place. At a time when Nigeria's oil production - and thus government revenue - is already badly hit by the ongoing violence, shutting-in production to reduce flaring would further cut revenues for social and infrastructure

development. So although the Government also wants to end flaring, it has instructed SPDC and the other companies to maintain the status quo on oil production until further notice.

The best reference on gas flaring and health is the 1995 World Bank report 'Defining an Environmental Development Strategy for the Niger Delta' (available on the World Bank's website). This found that the environmental and health significance of gas flaring was low. Any negative effects of flaring are confined to the immediate vicinity of the flare and have little or no impact on the health of local populations.

It's sadly true that respiratory infections are common in the Delta - but World Health Organisation (WHO) data show that these are widespread around the world, and linked to such poverty-related factors including indoor cooking, tobacco smoking, poor nutrition and frequent infections during childhood.

But - as I said at the start - we want to stop the flaring. It's a major programme, we have already spent some \$3 billion on it, and it will cost more than \$3 billion to complete. The timing is not under our control - but just as soon as it is safe to do so, and funding is available from our majority joint venture partner - the government - we'll continue the work.

## **2. The Future**

### **Frank**

A recent Woodmac report says Nigeria contributes about 13% of Shell group asset value. What long-term projects are in the pipeline for Nigeria as I am sure you are in Nigeria for the long haul.

The report did not show this clearly.

### **Alies**

Dear Olav, It seemed Daubenton wondered what would be possible consequences if Shell withdrew operations rather than whether Shell will. What would be some of the consequences of this, for the local community, the state and your company?

Alies

### **Mahmoud Modibbo**

Hi the energy industry is part and parcel of the entity called Nigeria. If you believe our problems are that of bad governance, bad policies and failing institutions (my opinion) isn't it time that Shell starts to support right thinking people from the grass root to impact positively on the political sphere leading to providing the enabling environment for your operations and our development as a nation?

Mahmoud Modibbo

### **Veen1966**

Mrs Ajeh, thanks for the answer. I think it came straight out your heart, coming from Nigeria yourself. I saw more people were asking about Shell leaving Nigeria. You gave the answer, but what if the safety can no longer be guaranteed?

Mike Veen The Netherlands

### **wadoj0**

My question I believe in long term business sustenance. As a company, what are we going to do differently in the Niger Delta region when our re-entry becomes successful to ensure long term sustenance of our business there? Do not forget that we once produced about a million b/d of hydrocarbon from this region.

Thank you

## **Mike Blakemore**

Shell says it wants to look to the future. What, specifically, will you do to address what's happened in the past and to restore people's faith in Shell going forward?

## **Okporoko**

The framework for this chat is "challenges" as UK expatriate who has lived and worked in the core Delta for 6 years (not oil) and as a consultant to amongst other Chatham House, UNEP, State Govt, over 60 local communities and a range of mandated and non-mandted Youth organisations... I am very aware of the challenges that face any operations in the core Delta... it is clear from earlier comments and from recent media focus that the understandable emotive 'symptoms' such as flaring, spills, corruption etc do not explain the actual 'challenges' merely indicate a failure to solve the root causes. answers are therefore based on ideal policy... what are the practical challenges? It is clear that now at least the IOCs Govt and (with the exception of a minority that benefit from a distorted 'system') the vast majority of Youth and community actually want and are trying to end the restiveness... what is preventing progress?

## **The Future**

### **Shell team answer to questions asked under this theme**

The future is going to depend on a number of things - many of which are outside the control of the oil and gas producers. We are committed to Nigeria for the long haul - we've been in the country for more than 50 years and thousands of people depend on us directly or indirectly for their livelihood. We also generate a significant proportion of the Country's income. The keys to the future are peace and stability in the oil producing regions, a stable economic and political foundation, which will enable investment and development and strong leadership at national and state level. We have said many times that the real issues in the Niger Delta are violence, criminality, corruption and poverty. Eliminating these is the key to real progress and development.

### **3. Saro-Wiwa**

**ifufu**

Sir, you have not answered my question on why Shell decided to settle the Wiwa case. I asked whether it was meant to assuage/appease Ogonis so Shell can return or it was meant to avoid a guilty verdict by the courts. This is so because a fellow oil company recently won a similar court case, so why did Shell settle out of court instead of using the process to prove its innocence of the charges against it.

**DUMLETAM**

For more than four decades now, Shell has been doing business in Nigeria's Niger Delta with total disregard for the environment, the people and their livelihood. The Ogoni as well as other peoples of the Niger Delta, given Shell's past records do not want Shell back in their region again. The Questions are: - why does Shell insist on coming back to the region in spite of its being unwanted and its terrible records of human and environmental rights violations? - In 1996 a UN Commission published a report on Shell activities in Ogoni and laid out premises to be fulfilled by Shell. Till date, Shell has failed to carry out the UN Commission's recommendations. Why?

**NEDU**

How do you intend to handle the controversies generated among the Nine Ogoni families with respect to the recent out of court settlement?

**ABIOLA**

Shell waited until it had run out of options before deciding to settle in the Saro-Wiwa case, during which time its relationship with host communities deteriorated badly. Surely it could have saved itself a lot of bad press and illwill if it had rather put its efforts into addressing the kind of issues that informed the law suit in the first place. 13 years after that lawsuit was first instituted, Shell is hardly seen as a force for good in the community. What is shell doing in the wake of the settlement to ensure that its relationship with Niger Delta communities does not lead to further lawsuits?

## **Saro-Wiwa**

### **Shell team answer to questions asked under this theme**

I am aware that settlement may suggest to some that Shell is guilty and trying to escape justice. Many people have leapt to that conclusion. But settling out of court was not a comfortable or soft option. We wanted an opportunity to prove our innocence and we were ready to go to court. We knew the charges against us were not true. Our staff in Nigeria who lived through those days knew it was not true. And we were confident that the evidence would have shown this - that Shell was not responsible for the tragic events of 10 November 1995.

But a court hearing would have dragged us backward, dug up old feuds and painful memories, not only for the plaintiffs but for many others who were caught up in the violence. The judge, through the court mediation process, asked us to consider making a humanitarian gesture to settle the case, and we saw an opportunity to help advance the process of reconciliation and support a better future for Ogonis - in a way that winning in court may not have done. Our concern was the thousands who suffered during the violence and turmoil in the 1990s, not just the 10 plaintiffs. This made a trust fund a good option to benefit all Ogoni people. There was no single view in Ogoni land about this court case, about Shell or Ken Saro Wiwa. There are many factions who disagree. We had to seek an approach to help everyone move forward together.

## 4. Working in Nigeria

### S.Mat

A 2003 internal report done for Shell's Nigerian operations noted: "There is no transparency about (a) to whom the company pays compensation; (b) the basis on which the amount is calculated; and (c) how individual or communal compensation is divided. Can Shell comment on this and what the company has done to address the issue of transparency in the compensation system?"

### christopher

A good image is very vital for any company to succeed in the market. In a highly competitive market like the oil industry, there are a lot of sabotages. What type of sensitisation strategy (Public Relation) has shell adopted in the Niger delta in order to render a positive image of shell's activities in the region, especially among the local community?

### beclo

Ben from Amnesty here - it would be great if you could respond to the 3500+ emails that Amnesty supporters have sent to Peter Voser. Just to remind you, we were asking him to: \* undertake a comprehensive clean-up of all oil pollution in consultation with affected communities and report on this publicly and regularly \* disclose all information on the impact of oil operations on the environment and human rights, including any studies Shell may have done on the impact of its operations on the communities and the environment in the Niger Delta

### Stevejapu

Bjorn, Now Shell`s image has been battered in the Niger Delta area of Nigeria, the people can not trust Shell again. How will you bring back shell to be loved again, what policies need to change to remove shell from the shackles? Doing business in Nigeria demands a total attitudinal change from Shell, make a Niger Delta focused policy to attract the love of the people.  
Stevejapu

### Neil

Dear Shell. Thanks for the chance to speak to you about this issue. Would you allow an independent review of Shell's environmental management processes in the Niger Delta, including physical site inspections from government and environmental experts? If so, would you make the results public? If not, why not? Would you allow an independent adjudicator to determine whether oil spills are the fault of Shell or local saboteurs? A yes or no answer for each please - plus an explanation.  
Thank you. Neil

## **The Entertainment Union**

Don't you think you missed an opportunity to apologise recently when you settled with the Saro-Wiwa family? I think all but the most cynical would believe that you have changed your outlook as an organisation, and now take your social responsibilities more seriously. Isn't it the ideal time to just say "sorry" for your behaviour in the '80s, a time when you were not alone in believing that making money was the only factor of any importance?

## **dammyfash**

hello all, May I ask ,1.what mechanism did shell put in place to measure the performance of various CSR programmes embarked upon and 2. From shell's point of view, how long do you think it may/will take to make communities fully embrace shell as a good corporate neighbour?

## **Vero**

Hello Olav - thank you for answering my question. Why are you not answering the part about - why you are not disclosing information on your assessment of the environmental, social and human rights impacts of all oil and gas projects? I would like to know why, thank you

## **apalin**

Hello, I hope that yourselves Shell, understand that value of such public consultations as this. We are not crazy anti-Shell activists, but people who are aware and concerned about the real problems which exist as a result of your corporate strategies. Could I ask, how seriously do you take the extremely well described/researched issues in the Niger Delta as a consequence of your exploration and extraction of the natural resource? I ask because the lack of real recompense and investment to the area for the people,

who are genuinely suffering, portrays you in extremely bad light. Do you genuinely not feel that truly addressing these issues would benefit your company profile and mark you as responsible industry leaders? Yes, those are corporate selfish reasons to address the real suffering, but I am pragmatic enough to realise you won't do anything without it being self-beneficial to yourself.

Thanks for your time and I hope we have a constructive interaction.

Cheers

## **christopher**

I will like to ask this question to Bjorn Edlund again, What program are in place to boost shell's image and combat stereotype in the Niger delta. By stereotype I mean the negative concept the local inhabitants may have about Shell. How does Shell relate with the local media? Thanks for the answer you gave on my first question on Corporate

Governance and CSP. I am sorry I did not give my name.

My name is Christopher.

**akirraboo**

quite apart from the predictable, and justified calls for health and environmental impacts to be remedied (clearly at a financial cost) do you think it would be helpful to the community for Shell and ALL companies who have made a profit in such regions of the world where govt regulations are lax, corruption exists and standards for protecting the people and environment are low compared to Western nations, to openly admit to past action that has fueled the social conditions presently giving rise to attacks on your own works, as well as the disunity that is tearing communities apart? The equivalent in Australia was for our Prime Minister to make a formal apology to the Aboriginal people for all past injustices against them, direct or otherwise. It was a significant issue for indigenous Australians to have the past recognised - perhaps this is one way for Shell and other corporations to move forward.

Thank you.

**Stevejapu**

Shell continuous business in Nigeria will depend on a total overhaul of business strategies to accommodate recent events in the Niger Delta. My question is how can shell CHANGE it's business attitude towards the people of NIGER DELTA. I will remind them that the business of Oil is in the ND and recognition of recent capabilities of restiveness will help in continuous business in Nigeria.

**Kingsley.Erhabor**

What does shell management think is the easiest and sustainable way of stopping the attacks on shell facilities in the Niger delta and what steps is management taking to achieve this?

## **Working in Nigeria**

### **Shell team answer to questions asked under this theme**

There are a number of diverse questions here - here are some answers that I hope address most of the main points. First, we do not have what it takes to stop criminal attacks on facilities in the Delta. Whether these are attacks by militants, damage caused by bunkers stealing oil or criminal acts in pursuit of compensation or to steal equipment, it is the job of the police and security forces - as it is everywhere else in the world. Second, we are, as Amnesty acknowledges, the only company operating in Nigeria that reports openly on the good and not so good points of its operations. We will continue to do this and we will look at suggestions such as those placed in these questions, but we won't make promises here. What we can promise is that we won't engage in a 'PR exercise' and we never have. We will continue to stand by our pledge to clean up all oil spills no matter what the cause - and 85% by volume were caused by criminal activity in 2008. We'll keep working at reducing flaring - remember we've already spent \$3 billion on this but have been stopped by funding and security issues - and we'll keep investing with communities in health and education projects, micro credit schemes and capacity building and so on. We will also listen to people who want to help us do this better (rather than just criticise) and learn from our mistakes. We don't do this for PR - you won't see publicity around it - we do it because we actually think it's the right thing to do - as Shell does in almost every other country it works in. Finally, I'd like to repeat that we are willing to work with anyone who can contribute to improving the situation in the Niger Delta.

## 5. Human Rights

**Bruno Rosenthal**

Dear All,

Will Shell intend to respond to the accusations published in the Amnesty Int'l recent report on Pollution & Poverty in the Niger Delta? In this respect would you consider to make the response published as wide as the AI report was?

**Shell team**

Bruno - thanks. We will respond to Amnesty and we will continue to be both open and honest about our operations and performance in the Niger delta.

**Peter Murray**

Dear Bjorn On 30 June 2009, a number of Nigerian NGOs and Amnesty International asked Shell for a number of documents including All of the EIAs for the Niger Delta Reports on studies conducted on the impacts of its operations on fisheries, agriculture, health etc - or reasons why these should not be made public List of oils spills not yet fully remediated Are you prepared to make these documents available?

Regards Peter Murray

**Bjorn**

Bruno and Peter,

Many thanks for your question.

There have been a number of recommendations coming out of the Amnesty report, which we are currently studying. We will respond to Amnesty in due course.

**Rathfern**

Why won't Shell ensure that all contractors are fully aware of its policy on human rights, environment and gender issues, and are given training to ensure they act in accordance with these principles?

**Shell team**

Rathfern,

Thanks for your question. We do train a number of our staff in areas relating to human rights and conflict resolution. The training is developed with the Danish Institute for Human Rights, and delivered by the leading Nigerian NGO The Clean Foundation. We have trained approximately 1,000

of our staff and contractors to identify any potential human rights issues and then act to resolve them.

Additionally, our Group Security Standards (GSS) include the Voluntary Principles on Security and Human Rights. Developed by non-governmental organisations (NGOs), governments and companies, the Voluntary Principles are a guide for companies on risk assessment and interactions with public and private security.

Separately, we require that Shell staff follow the Shell General Business Principles as well as the Code of Conduct, each of which have references to human rights. Any violations of these two documents leads to dismissal.

## 6. Environmental

amy

hi, In 2006, Shell reportedly carried out a study that looked at the impact on marine life of wastewater disposed of at sea in Nigeria. Will Shell publish this study?

**Shell team**

Amy, SPDC is not aware of any "reported study" into the impact on marine life of waste disposal at sea. Disposal of waste water follows national regulations which are as good as international one

**RON EDEMA**

I want to know what measures Shell has put in place to internalize its environmental impact, in terms of Process re-engineering , leadership , manufacturing strategy to ensure that, there is early solution to pressure from the international , national and local sector?

**Shell team**

Ron, I am not sure I understand your question. Activities, in Nigeria are carried out taking into account environmental and social considerations involving communities and third parties where appropriate.

**Vero**

In what ways Shell is looking at the impact of oil pollution on local communities likely in the Niger Delta?

**Shell team**

Vero, we have explained the procedure for dealing with oil spills to ensure communities are involved in the assessment and that spills are cleaned up, often using community contractors to clean up. There is more information in our briefing note at:

[www.shellnigeria.com/briefingnotes](http://www.shellnigeria.com/briefingnotes)

**jimynu**

Thanks for hosting this chat. @Bjorn: You answered to Mel V that "the world will respond" to the problems that fossil fuels have caused. Don't you think you, as a company involved in that business, have to give an answer, too? If you look at the water contaminated with oil in Nigeria, do you really think Shell has fulfilled its responsibility? Thank you, Kim

**Shell team**

Kim, society depends on fossil fuels. Shell cannot be blamed for this. The role of energy companies is to deliver the energy that consumers need. We have a responsibility to that as efficiently as possible protecting the environment and benefitting people as we do so. At the same time we are looking at developing new energies that will become more important in the future and help reduce the carbon footprint. With regard to Nigeria we act responsibly. More than 85% of oil spilled there is due to sabotage. We have outlined the circumstances of these spills in previous answers on this webcast. SPDC is committed to cleaning up oil spills and restoring the environment for every spill no matter the cause and works hard to do so.

## 7. Shell Strategy & Financials

### Tonie Akano

Somehow, corruption (and violence) follows oil production as we have seen in Russia, Angola, Ecuador, Iraq and Nigeria to mention a few countries. Any plan by Shell to leverage operational experiences gained from Russia, Colombia, Iraq and Saudi Arabia towards combating security challenges facing its operations in Nigeria, along with the other issues highlighted by others in the chat above?

### Shell team

Tonie, We will take learning's, advice and experience from anywhere that is relevant.

### Veen1966

One more: could you please explain how important Nigeria is for Shell and what does it do for the profit?

Regards,

Mike Veen The Netherlands

### Shell team

Mike, we don't report revenues on a country by country basis so I can't answer that part of the question. However, Nigeria is a significant part of our portfolio and you can see what it produces against the Group total in the Annual Report - in 2008, 361kboe/day of a total of 3,248kboe/day - or about 11%.

### Musa

Q. Who is the person in the leadership team of Shell Nigeria that looks at Nigerianisation? Is it Ann Pickard? I suggest a senior Nigerian should be looking for Nigerian staff recruitment/development as a core responsibility. The future leadership development of staff in Shell Nigeria is going to be stifled more in the future(based on the on going reorganisation in the group) as was the case in this 2009 progressions(JG2/JG1) for SPDC Major projects and Engineering sent to SIEP and 80% were turned down based on not globally competitive.

### Shell team

This is an internal question and this is not the forum for it.

## **Aggy**

Shell hasn't directly acknowledged that it has a negative impact on the environment and human rights in the Niger Delta at all - when Shell has been the subject of environmental and human rights campaigning groups for over 20 years. Can Shell explain why they think this is?

## **Shell team**

Aggy,

Our position is quite simple. We are of course not going to roll over and take the blame for all the problems that afflict the Niger Delta. Simply being accused by some people of some things does not mean you are guilty. Amnesty international acknowledges that of all the companies operating in the Delta we alone make an effort to be open about the impact of our activities. Of course we are responsible for some negative impact, we don't seek to hide spills that are our fault for example - the problems of the Delta are large, deep rooted and complex but they can be summed up as crime, violence, poverty and corruption - and it's these issues that have to be addressed

## **AYOOLA**

Needless to say, in view of the prevailing security situation and the subsequent drastic decrease in Shell production in the Niger Delta, these are indeed tough times for the Shell business in Nigeria. However, it is also known that in the face of the same situation, some of our competitors in the energy business are thriving, in addition to embarking on growth projects. Would it be right to conclude that the Shell philosophy of doing business in the Niger Delta is not working? Do we need to re-evaluate our business philosophy in the Niger Delta? What is the Shell E&P Companies in Nigeria doing to benchmark our practices with our competitors to ensure that the business can be sustained with particular reference to what Shell competitors are doing better in the Niger Delta? Would it be right to conclude that we need to re-evaluate our business philosophy in the Niger Delta? What is the Shell E&P Companies in Nigeria doing to benchmark our practices with our competitors to ensure that the business can be sustained?

## **JAREHDAS**

It's the same story with the Niger-Delta and Shell ever since I've been a child. As an indigenous person of Warri (now UK based) I really want to know when Shell will take responsibilities towards the exploitation of the region and stop taking baby steps in promoting change and help facilitate infrastructure and educational incentives to the Niger-Delta region.

## Shell team

Thanks for this - it's not so much a question as a statement - but it's one I'll respond to. We are not the Government, though we are well aware that there are many people who expect us deliver all the things a government would normally be responsible for. We are also well aware that we can never do enough in the eyes of some people. It's easy to characterise what we do as 'baby steps', but it has real positive impact on thousands of real people including those in our host communities in the western delta.

## Fiona

Is it fair to say that Shell knows it is causing much damage in the Niger Delta, but won't commit to stopping gas flaring, ending oil spills or making any more information about its practices and their impact in the delta public?

## Shell team

Fiona - thanks - in a word 'no'. Please take the time to read our Shell in Nigeria briefs at: [www.shellnigeria.com/briefingnotes](http://www.shellnigeria.com/briefingnotes) We are committed to stopping flaring and we've spent \$3 billion on it so far, but the fact is that at the moment both funding restrictions (from the government partner) and the security situation have meant that many gas gathering projects have been halted. It's also a fact that 85% by volume of oil spilled in 2008 was caused by criminal activity of one sort or another - but we are pledged to clean them all up - no matter what the cause.

## Iansnyder

Thank you all very much for opening this dialog :) I have to admit I was going to come into this "fighting", but I realize this is a very complex issue, and you can't be held responsible for problems that arise from government and social interactions. I don't believe the Shell is purposely causing a negative impact. However, I feel that a lot of the answers so far have addressed dollar amounts put into the region, or saying "this is a government concern". I think it is ludicrous to pretend that Shell doesn't have an enormous impact socially, economically, and politically in the country. Of course Shell doesn't control the country, but it certainly has an impact on the lives of the people around their sites, as well as a powerful presence in the eyes of the government. This enormous presence could be used to address human rights concerns, as well as environmental concerns. Aren't these universal concerns to both Shell, as well as the world at large? By changing policies in Nigeria, Shell could directly contribute to the government's treatment of its people, as well.

This would be beneficial for all parties, by giving Shell more free mobility, and potentially reducing acts of sabotage, for example. If the people of the regions being explored were happier (higher standard of living through jobs, for example), certainly they would be less likely to commit sabotage on pipelines.

Thank you again for this dialogue :)

#### **Shell team**

Ian - thank you for giving us a fair crack of the whip - and there isn't much in your question that I can disagree with. I know it's too easy to blame government for everything, but we can't deny they have a pretty major role, and I know that \$\$\$ isn't the answer either. You're also right that having happy neighbours would make life a whole lot easier for everyone. What gets lost in these discussions is the amount we actually do in the way of community development, and the fact an awful lot of our host communities are actually OK with our presence (I am not pretending everything is perfect). Throughout the delta we run education, health, capacity building and micro credit programmes, for example. We also run a community development programme with our host communities in which groups of them choose and manage the projects and we provide the funding. We work with a large number of reputable third parties - NGOs and multilaterals and we do actually make a difference (we just won an international award for an HIV/AIDS programme). The problem is that in some areas of the Delta the situation is way beyond 'good neighbours'. It's militancy, violence, crude oil theft and other criminal activity, lack of education and employment and so on plus, and I have to say this, years of government neglect, that have created problems that are way beyond the scope any single company to fix.

#### **Bruno**

Thanks for organizing this dialogue. - Do you have a clear action plan and timeframe to clean up the wide spread pollution in the Niger Delta? - If yes, how did you include the population in preparing the plan? - If no, is Shell ready to prepare such a plan in close collaboration with the concerned local people?

Bruno Riesen

### **Setonji**

Thanks for your attention on Nigeria as this is a platform for ideas and best practices in the Niger Delta. With the release of Henry Ocar and the 60 day seize fire by MEND, going forward does Shell and its Joint partners intend to publish monies used for the betterment of the Niger Delta in cash or kind online so that everyone is aware of how \$240million dollars or more is spent on the Niger delta yearly?

### **Shell team**

Setonji, thanks for this. We do publish these figures on line. Go to [www.shellnigeria.com/briefingnotes](http://www.shellnigeria.com/briefingnotes)

and you should be able to find them all.

### **Real Life in the Creeks**

The issue in the Niger Delta is that indigenes are excluded from management positions by your Nigerian staffers which leaves the people dissatisfied. Are you aware of it and what are you doing about it?

### **Shell team**

We don't agree. 95% of our staff in Nigeria is Nigerian - there is no discrimination regarding their origin within the country

### **Wmsimon**

'We do incorporate human rights issues when making business decisions and have increasingly been looking at human rights in our impact assessment processes. ' - what specific examples can you give of how human rights issues have been incorporated into the decision-making process and an actual difference that has made?

### **Shell team**

This is a good question. I'd ask you to take a look at the social investment part of the briefing note on the Gbaran Ubie project at: [www.shellnigeria.com/briefingnotes](http://www.shellnigeria.com/briefingnotes) and the more general one on improving lives in the Niger Delta to get an idea of our commitment to people. One example. We closed the Soku gas plant at the end of last year and one of the main reasons for doing it was that the pollution and fires caused by the bunkerers who were tapping into the condensate line at more than one hundred different points was beginning to have too much of an impact on the communities living nearby. This shut in large amounts of gas production and cost us a lot of money, but we could not simply allow it to continue.

**Andrew**

What are you doing to find engineers in your company who are aiding and abetting the theft of oil, and consequently some of the environmental damage that comes from sabotage?

**Shell team**

Andrew, many thanks for the question. We don't discuss internal security issues but we are active in trying to trace people who might be involved.

**Peacebuilding**

What is the role of shell in the Niger/Delta conflict as a major stakeholder in the oil industry?

**Shell team**

The causes of conflict in the Niger Delta are many and complex. I suggest you read 'The Operating Environment' in the Shell in Nigeria briefs at: [www.shellnigeria.com/briefingnotes](http://www.shellnigeria.com/briefingnotes) for background.

**RON EDEMA**

What measure is your reputable company taking to address the impact of exploration and production activities in local government . in the Niger Delta region of the country.

**Shell team**

Ron - sorry, I'm not sure I understand the question.

**Inroads**

What would it take to stop the sabotage? Which you would surely do if it was in the UK

**Shell team**

Thanks. If it was happening in the UK or anywhere else you'd expect the police et al to be acting to stop the sabotage. Why should it be different in Nigeria?

**Wmsimon**

When you said 95% of your revenue after costs go to Nigeria Government what is included in your costs?

**Shell team**

These costs include for example the operating costs of facilities and equipment, maintenance, salaries and so on.

**Jos**

You keep saying that the real damage is caused by oil theft and sabotage. It's easy to place the blame elsewhere, but is it not your responsibility to provide enough security to prevent these acts of sabotage and theft?

**Shell team**

Jos, thanks. When we are talking about heavily armed gangs of militants and bunkerers the issue goes way beyond the ability of any company to provide security. As is the case in any country in the world security at this level is the responsibility of the security authorities.

## 8. Oil Industry

### Georgina

I have two questions: 1. What is Shell's view on the way that the Chinese National Oil Companies are now operating in Nigeria (with respect to Corporate Social Responsibility)? Are there any discussions between the NOCs and the IOCs re the collaborative development responsibilities of oil companies? 2. In a rentier state environment, where (very simplistically) the state becomes separated from its civil society, and therefore does not achieve development at the rate that it should with the funds that it has, should the oil companies, as supplier of those funds take on the responsibility for development (e.g provision of health care, utilities, and education)? Georgina Powell

### Shell team

Thanks Georgina - this is a good question. I'm not going to comment on CNOC - it's not my area. On collaborative development, all the oil companies in the Niger Delta contribute to a body called the Niger Delta Development Corporation - Shell run operations made contributions to this body of over \$158m in 2008 in addition to their direct contribution to community development of \$84m - more details in our briefing notes at :

[www.shellnigeria.com/briefingnotes](http://www.shellnigeria.com/briefingnotes)

You will also find details of the sort of projects we are involved in here, and that will answer the last part of the question.

### gbubou

I will want to know why the oil companies, especially Shell has not been able to enhance technology development in Nigeria so that there will be diffusion of these technologies and the emergence of own indigenous technologies in respect of crude oil refining.

### Shell team

In fact there are many examples of exactly what you are talking about Gbubou - not only developing the ability of Nigerian companies to build equipment such as that used on the Bonga field in Nigeria, but also developing the technical ability of Nigerians themselves. have a look at Unlocking Nigeria's offshore energy in deep water and Nigerian content at : [www.shellnigeria.com/briefingnotes](http://www.shellnigeria.com/briefingnotes)

**Julius**

The Nigerian E&P market has been dominated by majors like Shell. What is the chance that small independents and/or indigenous firms can thrive now or in the near future?  
-Julius

**Shell team**

Thanks Julius, There are many indigenous companies developing in Nigeria's oil and gas industry both as suppliers and contractors to the big companies (all of which have a majority Nigerian Govt stake by the way) and as oil and gas producers in their own right, but I'm afraid this is off our subject area so I can't really give you a detailed answer.

## 9. Oil Spills

### DannyVannucchi

At KIRA TAI in Ogoniland, where an oil spill occurred on 12 May 2007, the investigation report (which was signed by five Shell representatives, as well as the regulatory agency and the community) said the spill was a result of corrosion. However, Shell subsequently said it was a case of sabotage. Can Shell explain why the company changed the cause of the spill, and on what evidence?

### Dill

At Kira Tai in Ogoniland, where an oil spill occurred on 12 May 2007, the investigation report (which was signed by five Shell representatives, as well as the regulatory agency and the community) said the spill was a result of corrosion. However, Shell subsequently said it was a case of sabotage. Can Shell explain why the company changed the cause of the spill, and on what evidence?

### Infinite Energy

I can understand the difficulties of oil spillage which Shell are sometimes blamed unnecessarily for but part of the reason for the attacks on the pipelines appears to be due to locals feeling that not enough is being put back in to the local community and/or cant find other ways to earn money in the local community. As such an influential part of the Niger Delta can you not help resolve such political unrest and help improve the consequential frequency of spillage?

### Christtuk

Shell has released some investigation reports on oil spills – will Shell commit to releasing all of its oil spill investigation reports?

### Wmsimon

Shell has released some investigation reports on oil spills – will Shell commit to releasing all of its oil spill investigation reports?

### DannyVannucchi

A major oil spill occurred at Batan in Delta State in 2002. Shell wrote to the Governor of Delta State claiming the spill was caused by sabotage. The letter was written two days BEFORE the oil spill investigation was done. Moreover, video footage of the investigation – and the follow-up by a local non-governmental organisation – does not correspond with Shell's statements on causality. Independent investigation shows the cause of the spill to be EQUIPMENT FAILURE. Can Shell comment on this case?

### Fiona

Does Shell have proof that 'the majority of spills follows attacks at our installations'? Will you share it?

**RCBrown**

Has the site of the oil spill in Bodo Creek, which, according to the Bodo community, took place on 28 August 2008, been cleaned up yet? According to the Environmental Guidelines and Standards for the Petroleum Industry in Nigeria, issued by the Department of Petroleum Resources (DPR), clean-up should commence within 24 hours of the occurrence of the spill. These government guidelines also stipulate that for all waters 'there shall be no visible sheen after the first 30 days of the occurrence of the spill no matter the extent of the spill'. Shell reports that they were informed of the spill on 5 October 2008, but the leak was not stopped until 7 November, and by May 2009 the site had still not been cleaned up. This delay has caused even more dire environmental consequences – the Centre for Environment, Human Rights and Development reported that 'the creek is dead' on viewing the damage caused – damage recorded by video footage they took. Children report lesions and sore eyes from the creek water. Why, then, has Shell not taken further action to fully clean the site?

**Fulup**

Hi, Can I ask about the 85% of oil spills caused by sabotage. Is that your figure or from an independent source? Also, what about sources of pollution other than oil spills: These include discharge of waste, dredging of creeks and rivers, disposal of drilling waste, seismic activities and road construction that has blocked water systems. Sabotage is not a factor in any of these forms of pollution or environmental damage. What steps is Shell taking to clean up pollution from its activities?

**earthfrog7**

Basil, what are you actively doing to tackle and resolve criminal damage to oil and gas assets?

Julian

**Leen**

From Leen The proportion of oil spills caused by sabotage, as opposed to corrosion and equipment failure, cannot be determined because the causes of oil spills in the Niger Delta have not been subject to any independent assessment or verification. How can then say that 84 per cent of oil spills are due to sabotage?

**Wmsimon**

'In 2008, 85 percent of the oil spills in the Delta were the result of sabotage.' - is this independently verified?

**Okporoko**

In an earlier reference to Oil spill it was stated that Shell through the UNEP has a programme to assess oil spills in Ogoniland. Can you advise on the success of this programme?

**Bonnie**

Institutional system failure in Shell Nigeria to promptly and properly respond to the containment and cleanup of oil spills including associated compensations and remediation promotes community conflicts. In Bodo City, Ogoniland Nigeria, it took several months before SPDC came to do containment and this was following the intervention of the Rivers State Commissioner for Environment following SOS a local NGO. The process of bringing relief materials did not follow any survey or assessment. Also Community contractors have been instigated against the community and due process. Is this Shell's policy or process?

**LauraF**

Olav

- it seems to me a curious ethical standpoint where you would stop production if installations and pipelines are attacked - but not if your oil production is harming communities of human beings and the environment that sustains them - could you explain how you assess risk in this way?

Thank you.

**Presubmitted Question**

Question Why don't you inform the communities on the impacts of oil operations in the Niger delta? Why don't you clean up oil pollution? Sincerely yours Jacques Viers

**Rathfern**

Why won't Shell disclose information on the negative impact of their oil operations in the Niger Delta, such as volume and location of oil spills, to local communities and those living with the results of their operations?

## **Oil Spills**

### **Shell team answer to questions asked under this theme**

Let me start by saying, as we did on the day of the live dialogue, that we are not going to respond to allegations relating to individual spills on this forum. When an oil spill occurs we respond by sending in an emergency response team to try to stop the spill immediately, and what's called a Joint Investigation Team (JIT). The job of this team, which is made up of representatives of the impacted communities, SPDC and the Government, is to ascertain the cause of the spill, assess the extent of the damage and negotiate compensation.

Our Shell in Nigeria briefs which you will find at:

[www.shellnigeria.com/briefingnotes](http://www.shellnigeria.com/briefingnotes)

give details of volumes spilled, percentages caused by criminality, increased volumes spilled because we were denied access and so on. We are very clear and open about the volumes spilled through operational failures - we don't try to hide it and we are working to improve it. One very telling statistic is that criminality accounted for 140 spills in 2008 - that's one every two and a half days. I just want to touch on independent verification. The JIT (see above) agrees the cause of a spill and this report is then verified by the relevant government body. Normally a cause through explosion or cutting a pipeline, or removal of equipment, or simply opening a valve, or trying to steal the crude is obvious. We don't seek to hide it when it's our fault either.

## 10. Community Development

### lfufu

In the early 70s to 90s Shell had a field called Utapate where production peaked at about 35,000 bpd. Production has since stopped. Looking back what would you say Shell left there as a legacy after decades of oil production judging from the fact that there is no electricity, potable water, roads or good health institutions in the communities that hosted Utapate field? I recognise that provision of these amenities are the responsibility of govt. But as a responsive or responsible corporate citizen, shouldn't Shell leave the communities they operate in better than they met it?

### aknott

Are there any legacy issues from your community investments - e.g. building hospitals which then don't have the funds to employ doctors? Or schools that then don't have the funding to maintain enough teachers on the payroll?

### peace building

Conflict is productive if it is well managed and peace is too expensive to sustain. What can we do as participants in the oil sector with regards to community based organizations involvement in conflict management and peace building?  
Emmanuel SDN.

### earthfrog7

Dear Nick, roe. your comment on contributing \$82m to community development. What do you do to ensure the money is effectively and directly spent to benefit the local people and environment?

### appalling

Do you feel that the \$82M is a sufficient input into the communities considering the \$profit you make from your corporate exploration/extraction? Would increasing that to independently managed and reviewed projects not serve you better, in PR and actual population benefit?

Cheers

Andy Palin

### IGB

Does Shell play an active role in promoting education for the Ogoni children and medical facilities for the population?  
Evelyn

### Bonnie

From Bonnie Dumpe, CSCR Nigeria: In the current GMOU model being implemented in partnership with communities in SPDC operational areas, The community representatives

appear to have being selected through an SPDC determined process. This has created parallel structures of community governance or representation which potential for conflicts already being observed in some communities. Will Shell willing to allow communities freely determine and take ownership of their development process with Shell's funding contribution in partnership with other stakeholders without to dictate, direct and dominate the process as currently being observed in the on-going GMOUs implementation? How do you plan to avoid adding to the backlog of unfulfilled legacy projects with the delayed or inadequate funding for approved GMOU projects which are yet take off or abandoned in some cases 3 years into the GMOU with a 4-5 lifespan?

**isaac boro**

Hello, in regards to your response to Edouard de Guitaut's question, how do you respond to accusations that Shell's educational scholarships, which are intended for Niger Delta host communities, are instead awarded to the family members of Shell employees, who are ethnic majority Nigerians from other parts of the country? During the course of my fieldwork in the region, one individual claimed 3 people from his village applied, but somehow 30 names were shortlisted ahead of his. In regards to Ayodeji Adebola's question of flaring, and elsewhere, you cite nebulous 'security problems' as there reason for continued flaring. Why was I, a white tourist, able to visit the same Shell flare site near Yenagoa in 2008 both during the day and at night, without incident or concern? Community leaders repeatedly told me if Shell were to approach them with a plan to stop flaring in their communities, they would welcome the company to do so. How do you respond to this? Additionally, your 2007 Nigeria country report encourage readers to contact the company with questions, yet I made 3 attempts to do so and was ignored. Why must we register to your website and subject our questions to pre-screening in order to be acknowledged by Shell?

**isaac boro**

Hello, what percent of Shell's annual profits from Nigerian oil is directed to CSR and other projects that directly benefit host communities (by this I exclude employment and revenue-sharing agreements with the government)?

**Infinite Energy**

How do Shell ensure that the debris from production and shipping do not damage the local community?

**gbubou**

I believe that one of the causes of the Niger Delta crisis was the lack of social sustainability (not CRS) on the part of oil majors. What role will you play to directly impact your immediate communities when the crisis is finally resolved?

## Presubmitted Question

In addition, Umuechem has been the scene of spectacular failures of Shell's "corporate social responsibility" projects. In 2002 the Centre for Social & Corporate Responsibility, an NGO linked to various Ecumenical NGOs based in the UK, reported that a programme of community projects had been a "100 per cent failure". I visited Umuechem in 2003 and observed that six "community projects" funded by Shell, and two funded by the Niger Delta Development Corporation (i.e. a water supply system and a hospital), were not operational. I observed that because the water supply system was not operational, women from Umuechem spent much of their time walking to and from a polluted stream nearby, the only available water source. I also observed a gas flare near the village. I had visited Nigeria on behalf of the UK charity Christian Aid, and information that I compiled on Umuechem was included in a published report (see Christian Aid, *Behind the Mask* (2004), pages 24-26). Shell indicated at that time that it was negotiating an agreement with the Umuechem community that would include the provision of fresh water. In 2006 the German parliamentary deputy Ute Koczy visited Umuechem and reported that the hospital had "never opened" and that the gas flare continues to burn. I have been in email correspondence with NGO representatives in the Niger Delta this month. They said that to their knowledge the situation in Umuechem had not changed, i.e. fresh water supply is still not available.

My questions are:

Do you think this reflects well on Shell's policies?

Why is fresh water available to the Shell flow station employees at Umuechem but not to the villagers?

What is your comment on the lack of fresh water, hospital services and other amenities in an area that produces so much oil and suffered so horribly under the dictatorship?

2. Oil spills and pipeline management. It is obvious that many of the most serious problems between the oil companies and communities in the Niger Delta arise from oil spills. These in turn raise the question of pipeline management. You are no doubt aware of the recent report by Professor Richard Steiner of the University of Alaska, comparing Shell's practices in the prevention and mitigation of oil spills with international standards and practices. Professor Steiner shows that the rate of spills from Shell Nigeria's pipelines are significantly higher than e.g. those across Shell companies internationally. He concludes that "Shell Nigeria continues to operate well below internationally recognised standards", and in particular that Shell Nigeria's pipeline integrity management "is not consistent with international standards of API and ASME".

Among the more striking of the many facts he mentions are that Shell did not begin a comprehensive programme of corrosion inspection until 2005, that in 2007 the pipeline replacement programme was far behind schedule. What are the reasons for this? Can you comment on the obvious incompatibility between these breaches of standards and Shell companies' policy of applying best international practice in all companies of operation? Professor Steiner refers to the lack of transparency in pipeline integrity management. As a recognised expert on pipeline management, he requested copies of the Shell Nigeria Oil Spill Contingency Plan, the Joint Operating Agreement and the Shell Nigeria Asset Integrity Review. The company has refused to provide him with these documents. How does this square with the company's professed transparency principles? What is your response to Professor Steiner's call for a thorough independent analysis of the standards of pipeline integrity in its Nigerian operations?

Simon Pirani

Senior Research Fellow Oxford Institute for Energy Studies

#### **Julius**

In what major ways can Shell help to reverse the 'resource curse' phenomenon in Niger Delta, aside the minute supports to a few NGOs which Shell now prides itself; bearing in mind that efforts of a lot of those NGO programmes are hardly felt on the ground. As a Niger-Deltan, I am frustrated to observe that Shell continues to boast so much about Social responsibility even in the face of colossal evidence of deprivation and exploitation. Julius

#### **Charles**

On stakeholder management of the Niger Delta community. It has been Shell's position that when it comes to providing electricity and most structural development in the communities we operate, we leave it to the Government. The truth is that most of the communities need only pipe borne water, electricity, roads and a means of livelihood. Why can't we provide these for the communities we operate in? I am sure the cost of this is nothing compared to the NPV we lose every day due to militant problems. I say this knowing that the Government has being unable to deliver these basic needs which every human should have. Is Shell willing to change its position on relying on the government to deliver these promises that have remained empty for decades to the communities? The cost can am sure be treated as part of the operations cost which will reduce the tax paid to the government.

#### **RON EDEMA**

Please, I want to know what are the sustainable measures in terms of engaging in the Agricultural business sector, because the people are not only hungry , they are

hungry? What are measures Shell is ready to stimulate, to ensure that the Ministry of Agriculture,(Food and water programme)can get necessary amenities to the people to reduce the burden? I think this initiative will not be a burden since Shell is investing in Biofuel technology.

**Andrew**

Question to Bjorn: you say "Shell contributed 58 million dollars to the Niger Delta Development Commission in 2008, as required by law." and I am aware you also work with other NGOs funding development projects and community development organisations. My question is how do you assess the success or failure of this funding?

**UGO.EZEANYIKA**

Question for Dr Alice Omoni. How does the quality of your community development projects such as schools and hospitals in SPDC's operational area compared to those of in cities like Portharcourt. Can u also assess both in terms of quality and remuneration of the staff such as teacher and resident doctors. Do u think both can be placed on the same pedestal or is there room for improvement on any side?

Ugochukwu ezeanyika,

Glasgow

**alagss**

Still on sustainable Development, what's our best approach to defining what development is sustainable and how 7 where do we draw the line between social performance and tax/royalty payment?

**Jos**

The money that you say you are investing in the region doesn't seem to be reaching the people directly affected. What are you doing to address this problem?

**Inroads**

Will you address supplying clean water to Nigeria's populations affected by the pollution from oil production?

Thanks,

Louise

## **Community Development**

### **Shell team answer to questions asked under this theme**

This response will give you an insight to SPDC social performance philosophy and concrete examples of our community development programmes as recently as 2008. In response to a question comparing our community development projects with that of government, I would like to make it clear that Shell does not aim to replace or compete with government. Our goal is to complement government and other developmental partners' efforts. There is however always room for improvement.

It is widely agreed, and recognised both by Shell and SPDC, that mistakes had been made in the past and a different mechanism is necessary for development of the communities we operate in. Substantial efforts are being made to change the way that SPDC engages with communities.

The Global Memorandum of Understanding (GMoU) process started in 2007 is specifically intended to be part of a larger development engagement, whereby SPDC works with communities in the areas directly affected by operations with money put up by Shell and development experts to advise them. The GMoUs are intended to give communities more flexibility and responsibility for development and reduce their dependence on oil companies.

Since 2006, SPDC has signed GMoUs in 26 clusters (groups of communities). By mid 2009 more than 100 projects have been funded in 15 active clusters using this model. For example, in March 2008 one cluster used the GMoU process to set up a micro financing and business training scheme targeted mainly at women working in the local markets. By the end of 2008, more than 150 women had already received support from the scheme with loans totalling around \$130,000.

While still committed to the GMoU principles SPDC has scaled back its plan (including ongoing commitments) due to funding shortages from the government partner and increased disruptions to operations which has reduced production.

On SPDC's part, a constantly evolving approach to development is recognition that changing circumstances require new ideas and approaches. A change in the relationship between SPDC and communities will take time, but it is also dependent on the resources being made available through the joint venture, and also on the external community, including civil society and communities being able to understand and accept the rationale behind the changes, and the changes themselves. Moreover, it is also dependent on all stakeholders' willingness to

engage positively in ensuring that government's plans for development are implemented. SPDC works with government agencies, companies, local and international NGOs, and the United Nations Development Programme (UNDP).

In addition to generating revenue, we actively support projects in the Niger Delta that help build infrastructure, provide health care, water, improve education and promote small businesses. Much of this is done in partnership with the government, through the Niger Delta Development Commission (NDDC), to which Shell-run operations contributed over \$158.2 million (\$56.8 million Shell share) in 2008.

SPDC joint venture spent \$84 million for community development projects in addition to that contributed to NDDC, many of which were delivered in partnership with others.

### **EXAMPLES:**

#### **Agriculture development**

- SPDC has been funding agricultural projects since the 1960s. In 2008 we helped establish 11 new farms and handed them over to communities in the delta states.
  
- In partnership with USAID and the International Institute of Tropical Agriculture (IITA), SPDC is spending \$11.3 million over five years to develop cassava farming in the delta states.

#### **Community health support**

- In 2008, about 150,000 patients were treated in SPDC-supported medical facilities.
  
- In the same period, SPDC completed the \$2.2m Niger Delta HIV/AIDS response project (NIDAR), a partnership between SPDC and Family Health International (FHI) partnership on HIV/AIDS care, treatment and support, piloted in five SPDC-supported medical facilities in the Niger Delta.
  
- Under the scheme, over 18 months, 244 health care providers received specialist training in HIV/AIDS services, more than 4,000 community members received counselling and testing, 1,367 pregnant women received HIV/AIDS services while 732 were enrolled for HIV/AIDS treatment. (Note: Nigeria has the second highest number of HIV infections in sub-Saharan Africa, with an estimated 3.5 million persons living with HIV/AIDS. The Niger Delta region of Nigeria with a population of 30 million and a prevalence rate of 6% is home to an estimated one million HIV/AIDS cases.

□ In June 2009, SPDC was presented with the 2008 Global Business Coalition (GBC) award for our work on HIV/AIDS in the Niger Delta.

□ SPDC has a three-year, \$4.5 million partnership with Africare to reduce the impact of malaria on mothers and children in the Niger Delta through awareness programmes, and the free distribution of 1,000 mosquito nets and 2,000 doses of anti malarial treatment at ante natal clinics in 2008 alone.

(Note: No stats for Nigeria but an estimated 1 million African children die annually from malaria and 1 in every 4 Africans is a Nigerian.)

□ In addition, health outreach programmes were carried out in nine communities at which over 40,000 people were offered health education, vaccinations, eye testing, treatment of malaria and minor ailments, distribution of mosquito bed nets, HIV screening services, and de-worming of 5,283 school children.

#### **Human resource development (Education and youth training)**

□ At any one time, some 15,000 secondary and university students are on Shell scholarships. These scholarships are of two types-Merit-open to all Nigerians including the oil producing communities and one for oil producing communities only.

□ In 2008, the SPDC joint venture spent more than \$2.1 million (\$630,000 Shell share) to train 492 youths in a range of skills including welding, pipefitting and carpentry, enterprise and leadership development, and conflict management. In collaboration with the Foundation for Ethnic Harmony in Nigeria, we

□ supported the NDDC in training an additional 600 youths from the Niger Delta on non-violence and conflict management. NDDC paid for the training.

#### **Economic empowerment**

□ In 2008, SPDC provided funding to over 8,000 people (mainly women) to start or develop businesses through the company's micro credit programme. For example trading in foodstuffs (such as rice, beans, garri, plantain, fish, fruits, etc), household consumables and textiles. This is an ongoing programme started in 1998.

□ Small businesses play an important role in the economy. Our partnership with Nigerian telecoms company **Globacom** provides training in small-scale

business management and helps people set up mobile phone enterprises. We have trained and helped more than 850 people since the project started in 2004. That same year, this partnership financed a pilot

project to help young entrepreneurs set up 12 call centre businesses in Delta and Rivers states. Members of the public can pay to use these branded kiosks to make phone calls and buy recharge cards.

□ Another programme - global LiveWIRE has helped to train more than 2,200 young people in Nigeria since 2003, giving them skills to start their own small businesses. With the support of the Delta State Government, they have established more than 360 businesses so far. In 2008, one of the LiveWIRE graduates went on to win the Central Bank of Nigeria's Young Entrepreneur of the Year Award.

## 11. Government Relations & Policy

### **inroads**

Are you able to stipulate community spending as a condition for the government to receive funds? Thank you

### **mostmodern**

Dear all, Is it appropriate for a political neutral company to pay, transport (by land, sea and helicopter) and provide food and shelter to soldiers who were known human rights abusers?

### **mostmodern**

Dear Nick Wood, you wrote that Shell 'do not get involved in politics. We don't control the government.' Yet memos from 1994/5 written by the former head of Shell Nigeria, Brian Anderson, suggest that Shell was a key player in domestic politics. Its role included sharing intelligence with the military dictator Gen Sani Abacha, and Shell knew that activist Ken Saro-Wiwa was going to be found guilty for a crime he did not commit. Does this seem like a politically neutral stance?

### **Andrew**

Do you think that the lack of rule of law in the Niger Delta positively affects Shell's business or negatively affects Shell's business? If negatively, what can shell do to help the government improve their capacity to improve Nigerian institutions of law, and do you think that is your role as a private company?

### **wmsimon**

Does Shell believe that Government failure to protect rights does not absolve them from responsibility for their actions?

### **RON EDEMA**

I want to also know, if the policy/laws that governs exploration and production of Shell business is favourable , if not what other measures Shell is ready establish to control the issue?

### **RON EDEMA**

I want to know if the Nigeria government has created joint venture initiative in this recession time, to ensure lasting peace to the troubled region?

### **RON EDEMA**

I want to know, how soon this knowledge and transformation in the energy sector is available to the public, especially stakeholders, those in the Niger delta region that there is a change taking place and Shell is ready to make that change positive? What role the federal government is playing to ensure that security is not only in the military, but ensuring that the citizen have good

health, sound economic, social and environmental impact? I think Shell have a role to play in this if there is going to be profitable business activities.

**LauraF**

In lots of your replies you have talked about the need for the Nigerian governments to take responsibility for the people, security, development issues, etc in the Niger Delta - I'm interested to know if you have asked them to do this and if so what their response has been?

**AAO**

In the future, if the military intervenes in the Delta and in areas near Shell oilfields, what would Shell's initiatives be to influence the government to respect human rights and ensure that Shell is not indirectly responsible for such human rights transgressions?

**RON EDEMA**

Please, I'm aware that your reputable company contribute to national and local government, in terms of finance. However, I want to know what measure you have taken to inform the Nigerian Government that there're other sources of energy (renewable energy) that she can invest, so that the pressure in the crude Oil can be reduce?

**Andrew**

What are the consequences for Nigeria if the Petroleum Industry Bill is not passed promptly, or in a way that doesn't solve the systemic problems of the oil industry in Nigeria?

**femiopaneye**

What are your views on the recent POSSIBILITY of privatization of refineries, as well as new ones springing up?

**Shell team**

We are not in the refining business in Nigeria - so we cannot comment.

**jacinta**

What is company's main concern about production levels and disruptions going forward? The company was pumping close to 1 million b/d at its peak but this has dropped significantly in recent years. What are you averaging today? Also what are your main concerns about Nigeria's overhaul of the oil and gas sector and the Petroleum Industry Bill.

Many thanks, Jacinta Moran, Platts, South Africa

**Chukwudi**

What is Shell's position on the proposed Petroleum Industry bill in Nigeria?

## **Government Relations & Policy**

### **Shell team answer to questions asked under this theme**

#### **Human Rights**

The Niger delta is an area where peace and security are major threats to human rights. Only with a peaceful and secure environment, free of widespread criminality, violence and corruption can effective development take place.

Shell is an active supporter of the Voluntary Principles on Security and Human Rights, sitting on a Voluntary Principles Nigeria Task Force with some NGOs and other energy companies looking to further promote these principles in the country and get them endorsed formally as a code of conduct for the Nigerian security forces.

SPDC applies Voluntary Principles in the Niger Delta in a number of different ways. It has a security and human rights training programme for police guarding its installations and District Security Supervisors. This training is run by an NGO, the CLEEN Foundation. This year more than 130 have been trained, following on from the 2007 programme involving 115 people. SPDC also has a human rights and conflict resolution training programme for staff who work regularly with communities. This is run by staff who have been trained by the Danish Institute for Human Rights, and supported by a well-known Nigerian NGO, The Human Rights Law Service (HuRi Laws). In the last three years more than 1,500 staff have been through this training.

SPDC has had meetings on Voluntary Principles with security agencies in Nigeria and is part of the OPTS Security Sub-Committee where these principles are discussed. There have been various other meetings on the Voluntary Principles with other stakeholders inside and outside Nigeria.

Theft of crude oil and condensate is a huge problem and Shell is interested in taking steps which lead to the cessation of this criminal practice, which costs the people of Nigeria millions of dollars that could be much better spent to their advantage, rather than to the benefit of a criminal few. It also causes extensive environmental damage from the resulting oil spills. Methods of tracing oil and of increasing security are being studied, and while it may take time to initiate a system, the cessation of oil theft is a high priority.

#### **Harnessing gas/ new energy source**

We agree with the view that the oil companies should advocate for renewable energy sources with the government, but the first priority must be for Nigeria to make the most of its own natural

resources. SPDC was the first energy company in Nigeria to have a domestic gas business and contributes two thirds of the domestic gas supply to industry for electricity generation and home use. Shell was also a pioneer, and a shareholder (25.6%) in developing Nigeria's first LNG plant, the massive six-train Nigerian Liquefied Natural Gas (NLNG) plant at Bonny. This started operations in 1999 and now takes significant quantities of gas that would otherwise be flared.

Since 2000, the SPDC-operated joint venture has spent approximately \$3 billion on projects to gather and use associated natural gas (gas that is extracted along with the oil during production). So far, 10 associated gas gathering plants covering 31 flow stations had been completed and another five major integrated projects covering about 42 flow stations are at various stages of completion. Between 2002 and 2008, these projects have reduced associated gas flaring by more than 30%. Including the impact of reduced production due to the security situation, gas flaring is down about 60%.

These plans have been delayed because of a funding shortfall by the majority government shareholder and by severe security constraints, which affect our staff and facilities.

### **Petroleum Industry Bill**

Nigeria needs a vibrant oil and gas industry that offers commercial opportunities for both international and indigenous companies and helps to create employment and revenues for the country and its people. So efforts to improve the functioning, efficiency, transparency and the financing of Nigeria's oil and gas industry through the Petroleum Industry Bill (PIB) are welcome.

As the last major review of legislation for the industry in Nigeria was 40 years ago, Shell supports the delivery of a legislation that meets the objectives of streamlining the regulatory processes in the industry, commercial ventures that are self-sufficient and independent of government funding and to bring transparency over energy revenues paid to the federal government. However, as currently drafted, we do not believe the Petroleum Industry Bill will achieve government's objectives. It is also too early to say how the legislation will affect the industry until the Bill is passed.

To get the PIB right is essential for Nigeria to meet its ambitious plans to grow its domestic oil and gas sector and position in the global economy.

Through our role in the Oil Producer's Trade Section (OPTS), we are working to develop constructive solutions that meet government reform objectives in these areas:

- a) promoting a sustainable domestic gas sector
- b) establishing incorporated joint ventures (IJVs) that will enjoy financial independence;
- c) continued viability of Nigeria's deep-water industry.
- d) delivering legal stability and a fair & balanced approach to dispute resolution.

**Operating environment/Our economic contribution**

To your questions about our operating environment, I acknowledge that it is challenging. Due to poverty, perceived political marginalisation and criminality, unrest in the Niger Delta has grown. Frustrated by the lack of benefits from oil production, communities have targeted the operations of energy companies, including the Shell Petroleum Development Company (SPDC). They demand better public services and a greater share of government revenues. There is a growing criminal trade in stolen crude

oil as stated earlier. Also, heavily armed and well-organised groups invade oil and gas facilities in the delta, shut down operations, kidnap staff (and their family members) and sabotage pipelines. This has led to reduced production and revenues for the government and operators.

Shell contributes to the economic development of Nigeria through statutory payment of taxes and royalties to the Federal Government. In the past four years (2005-2008), the joint venture operated by the Shell Petroleum Development Company (SPDC) has contributed more than \$34 billion while another Shell company, the Shell Nigeria Exploration and Production Company (SNEPCO)- which manages our offshore business in deep water-has paid nearly \$2 billion in the same period. The federal government receives about 95% of the revenue after costs from our onshore production in the Delta. Corruption is one of the barriers to turning oil revenues into benefits for the people of Nigeria.

To respond to the question on what role Shell can play in assisting the government capacity to improve its institutions of law, I want to inform you that Shell advocated, initiated and was a leading sponsor of the Nigerian Extractive Industry Transparency Initiative (NEITI), which openly publishes payments made to the government by the energy industry and the allocation of money to states by the federal government. We are keen that oil producing state governments adopt similar initiatives. However, even if well spent, Nigeria's oil revenues do not go far in Africa's most populous country. The total revenue from oil and gas divided between the 140 million population amounts to less than one dollar per person per day.

This makes transparency and prudent management of the revenues even more critical.

For more information, take this link:  
[www.shellnigeria.com/briefingnotes](http://www.shellnigeria.com/briefingnotes)

### **Our Hope**

Our wish is for coherent action that addresses the root causes of the issues that affect the people of the Niger Delta and brings positive change. The problems in the delta can only be solved with collaborative solutions, the first step being to identify areas of shared interest involving industry, communities, government and NGOs. We look forward to continuing to play our part.

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