

# Shell's challenge of 'de facto government' in the Niger Delta

In the second of his reports from Nigeria, **Tim Webb** looks at the oil giant's development work

**I**n the cramped children's ward at the Obio Cottage Hospital, a toddler with a broken arm sits up on a cot covered by a sheet carrying the Shell logo and the initials of the Nigerian state-owned oil company.

The 22-bed hospital in Port Harcourt in the Niger Delta region receives financial help from Shell through a subsidised healthcare insurance scheme.

Patients and visitors alike are left in no doubt about the company's generosity. On the floor of the maternity ward, the initials of Shell's Nigerian subsidiary — SPDC — are picked out in pink tiles. A white sheet stretched over a delivery chair is branded with the SPDC stamp.

The hospital is one of twenty-seven supported by Shell as part of its social development work in Nigeria. It also helps to fund schools, water schemes, scholarships and local businesses.

The scale of Shell's largesse goes beyond ticking the corporate social responsibility box in glossy corporate publications. In the Niger Delta, government is largely absent and poverty widespread. According to Mutiu Sunmonu, the Nigeria chairman for Shell, the onus is on the oil company to fill the gap: "Because communities are not seeing similar development from the Government, it's little wonder that people in the Delta look at Shell as the de facto government. If you saw a school or clinic in the swamp, it's likely to be built by Shell."

Shell operates the joint venture with the Nigerian Government, Total and Agip. According to Shell, the joint venture has spent \$600 million on such work over the past decade. Almost \$1 billion has also been paid to the

government-run Niger Delta Development Commission, but officials suggest that much of this has disappeared through corruption.

Shell appears to take most of the credit for this work, when in fact it contributes 30 per cent of the costs while the Nigerian Government provides more, based on its share of the joint venture. The "de facto" govern-

ment that Shell operates — like the oil joint venture — is sanctioned and largely funded by the federal Government.

Shell hires non-governmental organisations to advise it on its development work. Patrick Naagbantou, a co-ordinator with the Centre for Environment, Human Rights and Development, claims that many NGOs are reluctant to criticise Shell as a result: "A lot of organisations are looking for funding from Shell in Nigeria. They fund a lot of civil society. The strategy by Shell is to co-opt these organisations." Shell

also uses its development work to help its business, for example by pushing its anti-sabotage campaigns and to encourage community surveillance of its pipelines.

Some development workers say that the Government could abdicate responsibility further if Shell provided more public services. It is a risk that even Shell appears to recognise.

Tony Attah, who helps to run the company's social development work, argues: "We can't do it all. We must not assume a surrogate government role."

This is one reason why Shell has begun funding more social enterprises to help communities to become self-sufficient rather than building schools or hospitals. So when Mr Attah was asked recently by a community to fix

the leaking roof of a school that Shell built 15 years ago, he refused.

Some Shell officials get frustrated when their attempts to alleviate poverty or improve industry standards — for example, over how compensation for oil spills is paid to communities — are met with criticism. The more it tries to take the initiative where government is failing, the more NGOs will accuse it of acting as a quasi-government within Nigeria.

Audrey Gaughran, Amnesty's director of global issues, says of Shell's social development work: "Some projects are impressive. But it doesn't get Shell off the hook or make up for the health and environmental impact of the oil spills."



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