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**Abbreviations**

Asset Integrity Management Plan for Ogoniland (AIMPO)

Center of Excellence for Environmental Restoration (CEER)

Department of Petroleum Resources (DPR)

Environment Committee of the Nigerian Senate (ECNS)

Environmental Guidelines and Standards for Petroleum Industry in Nigeria (EGASPIN)

Federal Ministry of Environment (FME)

Federal Ministry of Petroleum Resources (FMPR)

Gross National Product (GDP)

[International Union for Conservation of Nature (IUCN)](http://www.shell.com/global/disclaimer-en.html/aHR0cDovL2Ntcy5pdWNuLm9yZy9hYm91dC9pbmRleC5jZm0%3D)

Millennium Development Goals (MDG)

Movement for the Survival of Ogoni People (MOSOP)

Nigeria Petroleum Development Company (NPDC)

Ogoniland Environmental Restoration Authority (OERA)

Ogoniland Environmental Restoration Fund (OERF)

Presidential Implementation Committee (PIC)

Remediation by enhanced natural attenuation (RENA)

River State Ministries of Environment and Water Resources (RSMEW)

Shell Petroleum Development Company of Nigeria Limited (SPDC)

United Nations Environmental program (UNEP)

United Nation Development Program (UNDP)

World Commission on Environment and Development (WCED)

# Problem Field

## Introduction

The United Nations (UN) is in a process of determining the future development framework, defined as the Sustainable Development Goals (SDG) (UN, UN Post-2015 Development Agenda 2015). As a part of achieving world-wide sustainable development, UN calls for the help of businesses and corporations, asking them to commit to the UN Global Compact[[1]](#footnote-1) (UN, UN Post-2015 Development Agenda 2015). The Global Compact principles reveal the need for MNC’s to take part in securing sustainable development in the countries in which they operate.

The central subject problem of this project is to present the new setting of the globalized world and in particular the impact and responsibilities of MNCs to the developing world. The focus is laid on the historical and structural interaction between a country’s government, a large MNC and the local community and on how it can impact the country’s ability to ensure sustainable development.

### Nigeria‘s paradox of wealth

Nigeria’s paradox of wealth and the fact that large MNCs operated in the country makes it an especially relevant country to investigate. Nigeria is Africa’s largest economy and the 26th largest economy in the world. The country has plentiful oil resources. The comprehensive oil operations in Nigeria amounted to 79 per cent of the country’s total export, in 2013. Amongst all this wealth, an estimated 61 per cent of Nigerians live on less than USD1 a day (See section: Nigerian Facts).

### Oil pollution of the Niger Delta Region

The Niger Delta Region in Nigeria has the most extensive aquatic ecosystem, tropical forests, and biodiversity in all of West Africa. Moreover, large parts of the inhabitants live of the lands. However, the extensive oil operations in the Niger Delta region have caused massive oil spills and gas flaring that have polluted the delta and are continuously worsening the state of the environment, making it one of the most degraded in the world (Rustad and Obi 2011, 29).

### Ogoni protest leads to UNEP report

In 1993, the people from Ogoniland, part of the Niger Delta Region, gathered in a mass demonstration and objected to the area’s poverty issues and degenerated environment. The government initially reacted with a total military occupation of the area, and many civilians died. When Ken Saro-Wiwa, a prominent Ogoni leader, was executed by the government, it attracted international attention. The mass protest and other agitations that followed led Shell to leave Ogoniland in 1994. Internal and external pressure finally led the government to bow to some demands. They agreed to conduct an independent assessment of the environment in Ogoniland in order to have it cleaned-up. The Nigerian Government contacted United Nations Environment Program (UNEP) in 2009, and UNEP released its report: ‘Environmental Assessment of Ogoniland’, on the 4th august 2011 (See empirical section: The Rise of local Movements).

### Collaboration will foster sustainable development in Ogoniland

UNEPs evaluation found the environmental restoration of Ogoniland is not merely a technical clean-up exercise. It is a comprehensive task that requires the collective action of all parties involved: government, oil companies (the largest being Shell) and local communities. If UNEP’s recommendations are made reality, Ogoniland will hopefully see environmental improvement within the next 10 years. However, securing sustainable development could take up to 20-25 years (UNEP, Environmental Assessment of Ogoniland 2011, 224).

After the release of the UNEP report, the government, Shell and the local community all stated that they were very committed to fulfilling the recommendations in the UNEP report.

### Disturbing evaluations – Ogoniland is still polluted

In 2014, three years after the release of the UNEP report, several non-governmental organizations (NGOs) conducted extensive evaluations of the initiatives and actions reportedly carried out in Ogoniland in accordance with the recommendations from UNEP. The findings are very disturbing. They conclude that absolutely none of the recommendations have been met – not from the government and not from Shell (see empirical section: Evaluations by Non-Governmental Organizations).

### Area of investigation

It will be investigated to what extent the main stakeholders have in fact fulfilled their part of the recommendations or not. In addition, it will be investigated if there are historical and structural complications and interests of the stakeholders that can stand in the way of finalizing the UNEP recommendations and lead Ogoniland, Nigeria towards sustainable development.

The issues raised in this introduction lead to the final problem formulation:

## Problem formulation

***“Why is Ogoniland’s environment still polluted when Shell provides oil revenues that can be used to restore the area and secure sustainable development?”***

## Hypotheses

1. *Nigeria’s history reveals a structure of dependency to the West and institutional incapacity*
2. *The stakeholders in Ogoniland: the government, Shell and the local communities have counter-acting interests that create problems for the restoration of the environment in Ogoniland*
3. *Shell does not live up to the responsibility of a corporate citizen*

# Concept operationalization

## Sustainable development

In the problem field the term sustainable development is presented. Therefore, I will operationalize the concept in accordance to the understanding of this research.

The term sustainable development was first popularized in 1987, in the report ‘Our Common Future’. The report included a broadly accepted definition of sustainable development: *“development which meets the needs of the present without compromising the ability of future generations to meet their own needs”* (Drexhage and Murphy 2010, 2)*.*

Sustainable development is a visionary development paradigm and is accepted as a guiding principle for development. In general terms, sustainable development encompasses the three pillars of economic development, social equity, and environmental protection (Drexhage and Murphy 2010, 2). In this project, these three dimensions are investigated. Economic development is investigated through the historical contextual section. The environment protection pillar is central to the in-depth investigation of the environment in Ogoniland. Finally, the social equity encompass the overall driver for this project, as it essentially seeks to enlighten the issues of Ogoniland and thus the day to day struggles the population is facing.

# Methodology

## Ontology

The first decision made for this project is the investigation’s ontological approach. Ontology is a philosophical study of the nature of reality (Birkler 2010, 9-11). The central and overall issue of ontology is whether entities of reality are considered objective or subjective (socially constructed). In the objective position, scientists find that entities have a reality external to social actors. On the contrary, the social constructivist position considers entities as built up from perceptions and actions of social actors (Bryman 2008, 18).

### The theory of structuration

Giddens has developed the theory of structuration as a reaction to the division between objectivity and subjectivity. Giddens seeks to find a middle ground and combine subjectivity and objectivity (Kaspersen 2001, 48).

According to the theory of structuration, the prime research field of social sciences is not exclusively the individual actors’ experiences or the existence of some sort of a societal totality. Researchers must instead investigate what Giddens defines as *‘social practice’* (Giddens 1984, 2). Social practice is a mediating concept between act (individual) and structure (society). The social practice is what constitutes social life; it constitutes us as actors and at the same time realizes societal structures (Kaspersen 2001, 52-53).

A central perspective of the theory of structuration is that the structure of society is limiting and it is enabling. The structure delimits the ways individuals act as we follow the social practices of society. However, the structure also creates a reality that one can reflect on and thus innovate from, creating new social practices. Giddens explains that:*”Continuity of practices presumes reflexivity, but reflexivity in turn is possible only because of the continuity of practices that makes them distinctively ‘the same’ across space and time”* (Giddens 1984, 3)*.*

The theory of structuration is especially applicable to this investigation due to its duality perspective. Corporate Social Responsibility (CSR) must be understood in light of the social practices of the given country investigated. When investigating CSR strategies, it is essential to acknowledge that the social practices might differ between countries; e.g. what functions well in the Western countries may not work in Nigeria. On the other hand, outside practices may inspire Nigerian reflexivity and change the social practices and structure within the country.

## Epistemology

### Hermeneutics

#### Choice of epistemology

Before developing one’s central methodological framework, it is necessary to identify the way in which one perceives knowledge and how knowledge can be gained. The epistemological approach chosen for this project is hermeneutic. Hermeneutics is understood as the art of interpretation or the science of understanding (Birkler 2010, 95).

Hermeneutics correlates well with this investigations ontological frame: theory of structuration, developed by Anthony Giddens, who is an advocate of the hermeneutic approach. He even developed the hermeneutic concept: double hermeneutics (Grimen og Gilje 2002, 169). In addition, the two perspectives are compatible in their duality view; Giddens argues that individual and structure cannot be separated, and hermeneutics testifies that an individual cannot meet the world without preconceptions and horizon.

#### Understanding and interpretation

Hermeneutics is one of the major science theories and one of the methodological approaches based on interpretive approach. The interpretive approach seeks understanding of and interprets a phenomenon, which allows the scientist to gain better understanding of the social reality. In the interpretive approach, one must investigate the involved actors’ interpretations and understandings of the social world. Instead of creating prefabricated regularities for knowledge, such as positivists do (Schwandt 2000, 191)(Jacobsen, Lippert-Rasmussen og Nedergaard 2010, 148). The interpretive approach stands in contrast to and is criticized by the positivist approach that finds that science can be directly understood through causality.

#### Objectivity

The hermeneutic perspective finds that understanding cannot be objective, as the scientist will not be able to interpret without *preconceptions*. Every time, we obtain new understanding, it will be built and interpreted on these preconceptions (Jacobsen, Lippert-Rasmussen og Nedergaard 2010, 151-152). Through the perspective of hermeneutics, knowledge must be understood as a spiral – every investigation of a phenomenon brings us one step further down the spiral of knowledge towards objectivity. However, all knowledge will be affected by personal preconceptions and hence never become objective (Schwandt 2000, 194).

#### Creating understanding

The entity of a person’s preconceptions creates one’s individual *horizon*. This horizon is not a fixed entity; a central point in hermeneutics is that humans continuously interpret the world, they are a part of and thus change and expand their individual horizons (Jacobsen, Lippert-Rasmussen og Nedergaard 2010, 151-152). The process of expanding or revising a person’s horizon is called *the hermeneutic circle.* The term indicates the interpreting circular process between parts (preconceptions) and holistic understanding (horizon) that is set in motion when presented with a new phenomenon (Birkler 2010, 98). To explain further, my horizon is continuously altered throughout this investigation. When going into this investigation, I had one horizon. Every time I have read a new article or a new book, I have obtained new information. The new information from the books and articles altered my preconceptions of the topic and inevitably altered my horizon. The next book I read, I understood through my now altered horizon and so the circular hermeneutic process proceeds.

#### Empirical Evidence is an interpretation

Double hermeneutics is central to my understanding of the empirical data. Giddens describes that empirical evidence is never free from interpretation, and so “reality” cannot be directly observed. A scientist always interprets social reality or material that has been interpreted by individuals that contributed to the creation of the collected data. The process of double hermeneutics is created when the scientist must investigate a social reality already interpreted by individuals and then interpret it again through the chosen theoretical concepts within the scientific universe (Kaspersen 2001, 46). Every actor involved has their own preconceptions of the difficulties surrounding the restoration of the environment in Ogoniland. Therefore, I must take my hermeneutic understanding into account when reading information, especially from strongly opinionated authors.

## Explanatory problem formulation

A preliminary decision made for this project is a clarification and focus of the research question – problem formulation. De Vaus distinguishes between two kinds of research questions: *descriptive research questions* and *explanatory research questions* (de Vaus, Research Design in Social Research 2011, 17). This project is an explanatory research, because the purpose is to explore causes and/or consequences of a phenomenon (de Vaus, Research Design in Social Research 2011, 19).

## Research Design – Case Study

For this project *single case study design* is chosen. Choosing a single case study means that this study will not have the ability to reject or accept a theory/hypothesis completely. Further cases must be investigated in order to do that. In this manner, a single case study can be compared with a single experiment and further testing will develop greater and greater confidence in the findings of the case (de Vaus, Research Design in Social Research 2011, 51) (Brinkman og Kvale 2010, 292-293).

A case study implicitly represents a more general context, as the specific case is understood as part of a greater social reality. This means that when analysing this case, I will have the embedded understanding that the case represents something socially more universal, and despite its unique character, the hypotheses of the case can be further tested in other contexts (Kristiansen, Antoft, et al. 2007, 31-32). The theories will further substantiate the ability to generalise the project and ensure that the case represents a socially more universal phenomenon.

Case studies correlate well with *explanatory investigations*, which both seek a broader understanding of a phenomenon and its context. It is a distinguishing characteristic of a case study that the investigation must entail contextual information from many levels and channels. Different actors may provide a very different picture of the same case, and by taking all of the actors into consideration, the investigation will be fuller and more complex (de Vaus, Research Design in Social Research 2011, 220). Therefore, this investigation will take all the main actors into consideration. In addition, all explanatory single case studies involve a historical perspective. The historical context will be presented *retrospectively* and date back to when Nigeria was colonized (de Vaus, Research Design in Social Research 2011, 228)*.*

## Deductive and inductive approach

In the following section, I will present how this project has been fashioned. The relationship between theory and social research is necessary to establish before conducting an investigation, as *“data collection and analysis must be fashioned by theoretical ideas”* (de Vaus, Surveys in Social Research 2002, 9). A researcher can start the process of investigation in one of two ways: by theory construction or theory testing. In short, theory construction, also called *induction*, begins with a set of observations and develops theories from them. Theory testing, also called *deduction*, starts with a theory and predicts the ‘real world’ from this (de Vaus, Surveys in Social Research 2002, 9).

In order to make a valid investigation the strategy must correlate with the research design. Yin[[2]](#footnote-2) argues that theory testing (deduction) is at the heart of case study (de Vaus, Research Design in Social Research 2011, 221). Therefore, this study will aim for the deductive approach. However, deductive and inductive strategies must be understood as tendencies. In practice, there is a constant interplay between constructing and testing a theory (Bryman 2008, 10)(de Vaus, Surveys in Social Research 2002, 10).

In this particular project, the investigation started with an inductive process, where I studied the area of interest and specified it to the case of Ogoniland, leading to establishing the theoretical framework. Using my hermeneutic understanding, I know that I already had a set of preconceptions going into the process of induction and theory decision. During my education, I have been exposed to numerous different international relations theories, and these have been the theories I have chosen among. This means that other theories, with which I am not familiar, might present different views and directions for working with the case of Ogoniland.

The second process of the investigation has been deductive. From the theoretical framework, four hypotheses have been deduced (this is elaborated in the theoretical section). The hypotheses have then been subjected to empirical scrutiny in the analysis and in the conclusion they will be confirmed or denied.

## Mixed methods

I will use both quantitative and qualitative data – mixed methods. The reason is that the theory of structuration that shapes this thesis’ design strategy falls between the objectivist and the constructivist approach (the positivist approach is often associated with quantitative data and the interpretive approach with qualitative data (Bryman 2008, 588). Moreover, Giddens argues that all relevant empirical evidence is valid in social science research, whether it is quantitative or qualitative.

## Documentation method

For all parts of the investigation, the *documentation method* has been used; gathering both quantitative and qualitative data. I have followed the approach of document analysis as presented by Kristiansen et al.. They present that one must evaluate documents through four criteria: *Authenticity, Meaning, Credibility and Representativeness* (Kristiansen, Antoft, et al. 2007, 62).

*Authenticity* is about how much a document has been altered from its original form. E.g. bad photocopying, documents that are fragmented and lack pages or passages can result in losing central meaning in a text. To ensure authenticity, I have made sure to gather the entity of a material rather than just sections (Kristiansen, Antoft, et al. 2007, 63).

*Meaning* concerns the immediate understanding of a text; is the material written in a language that I fully understand, and do I understand the concepts in the text. Moreover, many scientist will write texts as an objective truth rather than ‘I believe’. I will be aware of the fact that the chosen data, even statistical, will present one picture and other data might present another (Kristiansen, Antoft, et al. 2007, 64).

Considering *Credibility,* I have been aware that documents and books are written with a particular purpose in mind, correlating with my hermeneutic approach (Kristiansen, Antoft, et al. 2007, 66-67).

Lastly, whether a text is *representative* must be evaluated. It includes investigating whether the text is even useful within a certain problem area. This concerns the documents’ predictive power – whether they present what they allegedly should present. It can be an issue, if some of the material/information concerning the data is hidden or fractioned (Kristiansen, Antoft, et al. 2007, 69-70).

## Data collection process

During the first inductive phase of this project, a thorough investigation was conducted into preexisting documents concerning Nigeria and development, mainly research reports and general scientific literature. This helped to create a chronological overview and to ensure a manageable research process. Moreover, it was done in order to ensure against plagiarism of existing research (Kristiansen, Antoft, et al. 2007, 60). The next part of the investigation involved gathering data concerning the researchable entities/concepts, which had been operationalized in order to answer the hypotheses.

From this project’s hermeneutic approach, I am aware that a text’s interpretation of the data is influenced by the writers’ horizon and preconceptions, especially the data collected for the historical context section. I have been very careful to check the data from several different sources.

The empirical evidence from the UNEP report have been handled differently, as I have chosen to accept the data as more valid and reliable. The stakeholders have, to a large extent, accepted the presented data from UNEP and conceded to doing their part in implementing the recommendations. If I were to challenge UNEPs empirical findings in any way, it would problematize the rest of my empirical evidence, as the statements and reactions from the stakeholders are based on the specific evidence in the UNEP report.

In the stakeholder section, the credibility of the empirical evidence was central. I have been very aware of the different attitudes and images they are all trying to portray – concerning themselves but also concerning each other. Therefore, in presenting the stakeholders, I have focused on presenting their own statements about themselves. Moreover, I have highlighted the different attitudes and opinions the stakeholders have towards each other and the episodes surrounding the issues in Ogoniland. In regard to the local population, I have focused on articles where the Ogoni representatives are quoted. This was done, in order to ensure that the author has not invalidated the empirical evidence with his or her preconceptions. In regards to the government, I have found their own statements from web pages of the government and ministries. In the section concerning Shell, I have found their own statements primarily on their own webpage.

Another issue arose concerning the investigation of Shell, influencing the representativeness of the empirical evidence. It was extremely difficult to get a hold of Shell’s internal CSR report or to interview a relevant expert, and they kept referring me to the information on their webpage. However, this information was very fractioned, and the best stories appeared to have been picked out and presented. I am aware of this project’s limitation in not having the entire information concerning Shell’s conduct in Nigeria, as they have chosen to keep it confidential. However, choosing Ogoniland as a specific area of investigation remedies much of this, as Shell has been partly forced to present detailed information of specific actions, because of the pressure from UNEP and the international society.

## Model: overview of the methodology



# ****Theory****

## Dependency theory

### A history of dependency

The theorist chosen to represent the international and historical perspective of this project is Samir Amin, an Egyptian economist and one of the leading dependency theorists. Amin is greatly inspired by Karl Marx. However, he feels that Marx did not answer the question of (unequal) development from an international perspective. Amin finds that unequal development is what characterizes globalized capitalism (Amin, Global History: A View from the South 2011, 1-2).

Amin argues that seen historically, each stage of the unfolding of the capitalist system is defined by having successive forms of accumulation by dispossession. Once capitalism was constituted in the separate countries, the Atlantic capitalism conquered the rest of the world (originally by colonization). The structure of the world has thus been remade into permanent dispossessions of the conquered regions, constituting these regions as dominated *peripheries,* starved and utilized by the *centre* regions (Amin, Ending the Crisis of Capitalism or Ending Capitalism? 2011, 1).

### Dependency and natural resources

According to Amin the issue of Africa’s development or lack of same is caused by this capitalist system. The *‘underdevelopment’* in the peripheries is the reverse side of the development and abundance of wealth in the centres - the development in the centres depends on the active exploitation of the peripheries still happening, though colonization is over.

Amin explains how the centres dispossess the entire productive basis of society. The pauperizing dispossession is manifested by the expropriation of peasantry in the periphery and the plundering of their natural resources – only benefitting the centres (Amin, Ending the Crisis of Capitalism or Ending Capitalism? 2011, 2).

Amin further argues that any prospect of real development for the periphery regions and the peoples living there is destroyed by the plundering of the natural resources by the centre regions, only being repaid in rents to the periphery. As stated by Amin: *“(…) accumulation expresses itself mainly through the growing contrast between the affluence of the societies in the centre of the world system, who benefit from the imperialist rent, and the misery of the societies at the dominated peripheries.”* (Amin, Ending the Crisis of Capitalism or Ending Capitalism? 2011, 1).

## The natural resource trap

Paul Collier[[3]](#footnote-3), professor of Economics, specifically theorizes on the negative impact large amounts of natural resources can have on a country’s development opportunities.

In his book ‘The bottom billion’, Collier explains that the poorest bottom billion in the world live in countries that have fallen into traps. He presents that a country can fall into one or more of the following traps: *the conflict trap, the natural resource trap, the trap of being landlocked with bad neighbors* and *the bad governance trap* (Collier 2007, 2)*.* The trap most relevant to the current investigation is the natural resource trap. Collier argues that with findings of a large amount of natural resources, at a time when the country has not developed a sufficient and well-functioning institutional system, can end up even poorer and with a more dysfunctional political system than if it had not (Collier 2007).

A central critique of using Collier’s theory today is that it is based on research from the 1970s and 80s. Therefore, this section is elaborated and substantiated with his research article ‘The Political Economy of Natural Resources’ from 2010, where he gathers his and other theorists’ main statistical investigations and findings concerning the natural resource trap and theorizes on this (Collier 2010).

### Security and accountability

Collier argues that *security* and *accountability* are two necessary areas to establish in order for a country to develop. His findings show that these areas have been harder to establish in decolonized countries and that this is further problematized by findings of natural resources (Collier 2010, 1106).

### Decolonization and internal rivalry

Collier explains that the historical emergence of effective states evolves from the need to build an effective military power. The arms race between states produced an acute need for tax revenue and created government debt. The debt in turn reinforced the need for a secure revenue source and the importance of an efficient taxation structure. Moreover, the state was interested in enabling private economic activity and this gave rise to support for creation of legal institutions to enforce contracts. In essence, Collier explains how the countries with the most effective institutions and investments in military capacity building won the wars and thus the most effective states survived (Collier 2010, 1107-1108).

At the time of decolonization, the world had just witnessed the most extensive international war in history (World War II), followed by nuclear threat. War was no longer an acceptable part of the government agenda – the cost was too high. This did however not mean that the newly decolonized states were secure. The external treat became internal instead, and risk from rebellion was high. The governments thus embarked on military spending, however not as a public good that ensures its citizens security and stability, but as a means to suppression.

Collier argues that the postcolonial states did not face the external pressure to insure the need to build an effective military, which would have led to an effective tax system, legal system and investment incitement that would lead to private prosperity (Collier 2010, 1107-1108).

In addition, the institutional instability and insecurity and culture of internal military and suppression lead to a high risk of military coups. In response, governments divided the military into rivaling groups with obscure lines of authority to reduce their effectiveness and ability to take over the power of the country. According to Collier, this change of scenery led to ineffective states, which frustrate economic development and create high risk of military coups (Collier 2010, 1109).

### Natural resource trap

According to Collier’s statistical findings, discovering natural resources at a time when a country does not have a functioning democratic system will further undermine it. He argues that the critical point is when resource rents amount to more than 8 per cent of a country’s GDP. Collier explains that a main issue is that governments use the rent money to remain in power by means of patronage – by public employment to supporters and through direct vote-buying. Patronage reduces the accountability of government to the public, because they do not, to the same extent, depend on their votes (Collier 2010, 1114).

Collier presents another issue, which is that even though higher taxes would increase the overall revenues, it would in fact create less money to the elite. Due to the high amount of money received from natural resource rents the government is not dependent on taxation of private income. Therefore the government is not compelled to enforce checks and balances, which would lead to public scrutiny, and thus curtail embezzlement of natural resource rents. Collier concludes that:*”resource rents systematically erode checks and balances*” (Collier 2010, 1116). The governments thus have a personal interest in unequipped institutions (Collier 2010, 1116).

Moreover, resource rents delay change in dysfunctional policies. Normally a dysfunctional economic policy or strategy will reveal itself through decline in revenue, however resource rents skew the picture, as rent money will ensure an inflow of revenue, which will in turn weaken the impetus for decisive reforms (Collier 2010, 1116-1117).

Oil also provides ample opportunity for rebel finance through oil theft, kidnapping and ransoming of oil workers. Moreover, rebellions may be motivated by the desire to capture control of the rent money coming from oil rather than to secure a more successful political agenda (Collier 2010, 1111).

## The concept of CSR

The area of (Corporate Social Responsibility) CSR has been debated since the second half of the 20th century. A main criticism of CSR is that it is a research field that has been influenced by different approaches that use the same terminology; however the meaning of the terminology differs. Therefore, it is necessary to specify within which area of CSR one operates. Recently, the area has met a renewed interest and new alternative approaches have been presented, such as *corporate citizenship* (Melé and Garriga 2004).

### Corporate citizenship

In the last decades, the concept *corporate citizenship* has risen. The overall concerns of these theories are: “(…) *connections between business and society and on the power and position of business and its inherent responsibility”* (Melé and Garriga 2004). Corporate citizenship is a response to the globalization phenomenon and the fact that some MNCs have greater social and economic power than many governments. Through this understanding, it is becoming increasingly agreed upon that the corporations need to consider and respond to the needs of the community and the environment in which they operate (Melé and Garriga 2004).

The perspective of corporate citizenship is central to this investigation and frames the understanding of MNCs in developing countries. Through this understanding the globalization process and the existence of MNCs can create an obstacle for a developing country’s ability to develop (Pedersen and Huniche 2006, 8). Pedersen describes these implications in this quote:

*“This de-territorialisation of the economy is a two-edged sword. On the one hand, globalization can stimulate economic, social and environmental growth in developing countries through industry development, job creation, technology transfer etc. On the other, globalization makes it difficult for governmental institutions to effectively exert regulatory influence, because MNCs are able to exploit national differences in social and environmental legislation”* (Pedersen and Huniche 2006, 10).

The problems portrayed in the quote call for the responsibility of corporate citizenship. Even though or especially when a nation state is unable to regulate the global economy, companies are increasingly expected to self-regulate and meet regulation standards (Pedersen and Huniche 2006, 10).

Globalization has not only changed the economic scene, it has exposed national differences in rights, standards and responsibilities. Moreover, attention has been drawn to the social and environmental issues that developing countries are facing. In consequence, development issues are increasingly incorporated into the CSR literature and are key issues on the corporate citizenship agenda. MNCs are thus becoming key alliance partners in international development (Pedersen and Huniche 2006, 11). Many MNCs make commitments to: *“(…) fight poverty, pollution, corruption, social exclusion, HIV/AIDS, malaria etc.”* (Pedersen and Huniche 2006, 10-11).

## Stakeholder theory

R. Edward Freeman is a world leader in business ethics and strategic management. His theory of ‘Strategic Management: A stakeholder Approach’ was first published in 1984, it became a landmark moment in the development of Stakeholder Theory (Freeman, Strategic management - A Stakeholder Approach 2010). Freeman’s theory strategic management will be used for an analysis of the needs and interests of the *stakeholders* that effect and are affected by Shell in Nigeria.

Stakeholder theory is fundamentally about how business works at its best. Freeman argues that in order to do so one needs to create value for each effected company stakeholder (Freeman, Strategic management - A Stakeholder Approach 2010, 8-9). Freeman’s definition of stakeholders is: *“A stakeholder is any group or individual who can affect, or is affected by, the achievements of a corporation’s purpose. Stakeholders include employees, customers, suppliers, stockholders, banks, environmentalists, government and other groups who can help or hurt the organization”* (Freeman, Strategic management - A Stakeholder Approach 2010, vi).

### Stakeholder theory and CSR

Before describing the specific stakeholder theory, I will present the relevance of stakeholder theory in a CSR framework. Freeman describes how the world is changing and the accountability and expectations people have of corporations are rising. Freeman refers to Donna Wood[[4]](#footnote-4), who has provided a crucial link between CSR and Stakeholder Theory. Wood states that the CSR wave is changing the very *purpose* of organizations; From a Friedman perspective where corporations’ only social responsibility is to maximize profits to a larger and more social perspective, where the different interests of specific stakeholders must be fulfilled (Freeman, Harrison, et al. 2010, 243-244). This perspective correlates with the understanding of corporate citizenship.

Freeman describes that using stakeholder theory in a CSR context usually entails including stakeholders who have an adversarial relationship with the company. Moreover, generally in a CSR setting, the analysis has more emphasis on the public and community and less on the company and on satisfying its owners (Freeman, Strategic management - A Stakeholder Approach 2010, 38). This is also the case in this investigation, as it will not focus on the company and its owners, but on the environment in Ogoniland and the main stakeholders involved in the restoration process.

### Main stakeholders and their interests

Freeman explains that the dominant way of managing a company and understanding business was developed during a time where the concerns were primarily domestic. This includes a mindset that believes that economy is the determining and only important factor and companies’ owners are only concerned with benefitting themselves. In a globalizing world, this view is no longer sufficient; stakeholder theory has been developed to counter to this obsolete mindset (Freeman, Strategic management - A Stakeholder Approach 2010, 3-5). Stakeholder theory is concerned with creating a new conceptual framework to help steer a company within the changing international relationships and the environmental turbulence.

Central to stakeholder theory is that companies must change and adapt to this new turbulent world full of ethical challenges. The negative effects of capitalism on all parts of life must be understood and remedied (Freeman, Strategic management - A Stakeholder Approach 2010, 4-5, 13).

Freeman distinguishes between two groups of stakeholders: the internal and the external stakeholders. The internal stakeholders are owners, customers, employees, and suppliers. The external stakeholders are governments, competitors, consumer advocates, environmentalists, special interest groups and media (Freeman, Strategic management - A Stakeholder Approach 2010, 8-22). Freeman argues that it is no longer sufficient to only regard the internal stakeholder’s in the business plan. Companies must recognize and meet the expectations of external stakeholders in order to achieve a successful business. It is a matter of realizing the existing challenges and meeting them beforehand rather than only remedying them (Freeman, Strategic management - A Stakeholder Approach 2010, 8)

### Three steps of stakeholder analysis

Freeman has three steps of analysis in order to understand the area in which the company operates and the attitudes/agendas of the stakeholders involved: *Stakeholder analysis, Values Analysis* and *Societal Issues* (Freeman, Strategic management - A Stakeholder Approach 2010, 91-101)*.* The first part of the stakeholder analysis involves defining the key stakeholders in Shell’s operations in Ogoniland. This is done in the empirical section.

In the second part of the stakeholder analysis, Freeman distinguishes five main areas where the firm and stakeholders’ actions affect each other, these being: *Economic, Technological, Social, Political* and *Managerial* (Freeman, Strategic management - A Stakeholder Approach 2010, 91-95).

The Value Analysis is to *“(…) lay bare their (the company’s) own beliefs about the stakes of each important stakeholder group“*(Freeman, Strategic management - A Stakeholder Approach 2010, 95). I will refrain from this analysis, as this project concerns CSR and is not an investigation conducted by a company itself.

The third part of the theory of strategic management is: *Social Issues Analysis*. This part has the purpose of understanding the social and societal context of the organization (Freeman, Strategic management - A Stakeholder Approach 2010, 95-99). The social and societal part of the analysis is operationalized through the dependency theory, natural resource trap, in the analysis section: Nigeria’s history of dependency and Trapping Nigeria.

## Operationalization of theories

The dependency theory, corporate citizenship and stakeholder theory are all theoretical responses to the globalizing world and the complexities this new world order entails. This places the theories in the same category of investigation and strengthens their ability to complement each other in the analysis. The dependency theory and the natural resource trap represent the project’s theoretical macro-level understanding. The theories will help to explain the impact of Nigeria’s period of colonization and having MNCs in the country that export large amounts of natural resources. By connecting the concept of corporate citizenship to the investigation, it will have an embedded understanding that Shell has a responsibility to help Nigeria, particularly Ogoniland out of its poor conditions and environmental degradation. The stakeholder theory further highlights the complexities in operating in a globalized world and the different needs, interests and incentives of the stakeholders involved.

### Hypotheses

Theory: Dependency theory by Samir Amin and Natural Resource Trap by Paul Collier:

1. *Nigeria’s history reveals a structure of dependency to the West and institutional incapacity*

The first part of the analysis will concern Nigeria’s retrospective historical context. If the hypothesis is confirmed, the analysis will reveal the problematic historical and societal structures surrounding the degenerated environment of Ogoniland.

Theory: Stakeholder theory

1. *The stakeholders in Ogoniland: the Government, Shell and the local communities have counteracting interests that create problems for the restoration of the environment in Ogoniland.*

The second part of the analysis will involve an evaluation of which recommendations that have in fact been fulfilled by the different stakeholders. This is necessary as the three stakeholders and the evaluations conducted by the NGO have very different accounts and this must be investigated deeper before being able to address their interests.

Then, the three main stakeholders’ interests will be investigated from the areas: (1) Political and managerial, (2) social and (3) economic and technological. I have put political and managerial plus economic and technological together as one theme, rather than investigating them separately, as the areas interrelated and intertwine.

Theory: Corporate Citizenship

1. *Shell does not live up to the responsibility of a corporate citizen*

Within the investigation concerning the interests and actions of the different stakeholders, it is investigated to what extent Shell is the corporate citizen they claim to be.

# Empirical evidence

## Nigerian facts

 Nigeria is officially called the Federal Republic of Nigeria. The federal constitutional republic comprises 36 states and 774 local government areas (Stevens, Gboyega and Barkan 2001). Newly elected president is Muhammadu Buhari, a former military ruler.

Nigeria is Africa’s most populous nation. In July 2014, CIA – World Fact book estimated the population to be 177,155,754 million.

Picture 1 Nigeria (UNEP, Nigeria 2011)

The population consists of more than 250 different ethnic groups with approximately 500 different languages (CentralIntelligenceAgency 2015).

In 2014, Nigeria became Africa’s largest economy with a Gross National Product (GDP) of 479,3 billion and the 26th largest economy in the world(Dengsø 2014). The country is furthermore Africa’s leading oil producer and exporter, and the world’s 10th largest oil producer(Heritage 2015). In 2011, Nigeria’s oil production accounted for more than 2.2 million barrels a day and amounted to 79 per cent of the country’s total export, in 2013 (CenterforInternationalDevelopment 2013). In 2011, oil revenues totaled USD50,3 billion – generating 70 per cent of the government’s revenues (NaturalRessourceGovernanceInstitute 2011).

Although Nigeria is the 26th biggest economy in the world the country is only 121st in terms of GDP per capita (TradingEconomics 2015). Moreover, an estimated 61 per cent of the Nigerian population lives on less than USD1 a day(Heritage 2015).

## Historical context

In the methodology section, it was described that this investigation would be presented in a retrospective historical context. The focus will be on the implications of outside interference on the development of Nigeria.

### Colonization

In 1884, the major Western powers of the world[[5]](#footnote-5) were invited to the Berlin conference by Otto von Bismarck, to debate the control of Africa. At the time, 80 % of Africa remained under local control. The Western countries scrambled to gain control over larger areas of the continent. After the conference, the give and take continued until 1914. The western powers had thus divided Africa into a hodgepodge of geometric boundaries, with little consideration to the existing monarchies, chiefdoms or other African societies. These boundaries were then imposed onto over one thousand different indigenous cultures and regions of Africa(Scramble for Africa: Berlin Conference of 1884-1885 to Divide Africa 2013). In Nigeria, more than 250 different ethno-linguistic groups with no common history, culture or language where enclosed in one territory. Moreover, Muslim and non-Muslim groups where thrown together creating latent hostility (Meredith 2006, 2). The multitude of different ethno-linguistic groups in Nigeria continued to be an issue. In 1948, Abubakar Tafawa Balewa, a prominent Northern Nigerian, remarked: *“Since 1914 the British Government has been trying to make Nigeria into one country, but the Nigerian people are different in their backgrounds, in their religious beliefs and customs and do not show themselves any sign of willingness to unite (…) Nigerian unity is only a British invention”* (Meredith 2006, 8).

In 1901, Nigeria became a British protectorate and it was colonized by the British in 1914 (Rustad and Obi 2011, 5). However, Europe had to enforce their rule by treaty and conquest. Resistance occurred almost in all African colonies. Some were settled fast but others continued to resist for many years. The Igbo in Nigeria were not fully defeated until 1919.

Administration was kept to an absolute minimum with no reason for a rapid development. The overall concern was that the colonial territories were to be self-supportive. Education was thus left to missionaries and economic activity to commercial companies. The British administration in Nigeria constituted 400 people, ruling 20 million people (Meredith 2006, 5). However, the British used ‘indirect-rule’. In northern Nigeria the emirs, who had a long tradition of law and discipline, were allowed to police and administer tax on the behalf of the British. In other and most areas the African chiefs became intermediaries paid to transmit British orders (Meredith 2006, 6).

### Independence, coups and military rule

The independence of Nigeria was led by a wave of nationalism triggered by World War II, which put pressure on the British colony. As a result, Nigeria had its first representative government in 1951 and was officially declared independent in 1960 (Kiyawa, Duze and Habu 2008, 137).

From 1966 to 1999, the transfer from one regime to the next has generally been the result of or due to threat of coups orchestrated by the military (excluding a short-lived second republic from 1979 to 1983) (BureauofAfricanAffairs 2014). After decades of changing regimes and a series of coups d’états, a 30-month long civil war with 1-3 million casualties and three geographical divisions, Nigeria finally held its first democratic election in 1999 (Campbell 2011, 23). From 1999, Nigeria became a multiparty democracy with a house of representatives, a senate and a president who heads the executive branch (BureauofAfricanAffairs 2014). Olusegun Obasanjo was elected president, and there were many hopes of turning a new page in Nigerian’s history and starting to restructure the country after several years of military rule (Campbell 2011, 23). However, the transition to a democratic election did not lead to much change: *“transition did not mark an end to Nigeria’s dysfunctional political culture and style of bad governance any more than had independence from the British in 1960”* (Campbell 2011, 79)*.*

## Corruption

Nigeria has a history of corruption and embezzlement of oil revenues. The World Bank defines corruption as: “*the abuse of public office for private gain”* (TheWorldBankGroup 2015)*.*

In the beginning of the 1980s, Nigeria had become the 6th largest oil producer in the world and revenues were pouring in. However, such riches set of scrambles for political power. The government spending process became a gateway for fortune (Meredith 2006, 220). Patronage, embezzlement and corruption reached new heights, leading to the average Nigerian being poorer in 2000 than they were in the beginning of the 1970s. Important human development institution, such as the civil service, demanded enormous costs, but delivered few services. Police numbers had been kept low and was no match for criminal groups. In addition, court proceedings were often determined by bribes (Meredith 2006, 580-581).

The issues of corruption have not been tackled yet. Indeed, in 2014, the Corruption Perception Index ranked Nigeria 136 out of 175 countries, with a score of only 27, indicating the perception that Nigeria suffers from severe corruption issues[[6]](#footnote-6) (TransparencyInternational 2014).

This is backed by Dr. Oby Ezekwesili, former Vice Precident for Africa of the World Bank, who presented a paper titled ‘Corruption, National Development, The Bar and The Judiciary’, at the 52nd Annual General Meeting of the Nigerian Bar Association in Abuja. She explained that *“A review has confirmed that over $400 billion of the nation’s oil revenue has either been stolen or misappropriated since Nigeria gained independence in 1960.”* (Okoye 2012)*.* She continues by saying that oil accounts for about 90 per cent of the value of Nigeria’s exports, however 80 per cent of this end up with one per cent of the population. Ezekwesili further stresses the fact that governance of public resources and assets is continuously worsening at every level of government. She proceeds by explaining that the significant impact of corruption is seen on the government bottom line and*:”the teacher-less, desk-less schools, which only hint at the extent of the problem in Nigeria.”* (Okoye 2012).

### Shell’s influence in the government

The revenues that are embezzled comes primarily from the oil revenues from MNCs, the most dominant one being Shell. However, information reveals that they also have huge influence in all levels of government.

In 2010, sensitive information was disclosed from secret State Department cables concerning Shell and was released to a number of news media by WikiLeaks (Sundby 2010). Shell’s former Vice-president for sub-Saharan Africa Ann Pickard, US, had a meeting with ambassador Robin Renee Sanders on the 20th October 2009. The meeting was recorded and the confidential memo was leaked from the US embassy in Abuja. In this memo Pickard disclosed Shell’s reach into the Nigerian government, the ambassador reported: *"She said the GON [government of Nigeria] had forgotten that*[*Shell had seconded people to all the relevant ministries and that Shell consequently had access to everything that was being done in those ministries."*](http://www.guardian.co.uk/world/us-embassy-cables-documents/230356) (Smith 2010).

The response of civil society groups was that this story revealed the entanglement of Shell and politicians in the country. Celestine AkpoBari, from Social Action Nigeria explains: *“Shell and the government of Nigeria are two sides of the same coin,"* further he posits: *"Shell is everywhere. They have an eye and an ear in every ministry of Nigeria. They have people on the payroll in every community, which is why they get away with everything. They are more powerful than the Nigerian government."* (Smith 2010)*.*

The NGO Platform (the London-based oil watchdog) reacted as well. Ben Amunwa says: *"Shell claims to have nothing to do with Nigerian politics. In reality, Shell works deep inside the system, and has long exploited political channels in Nigeria to its own advantage."* (Smith 2010)*.*

The state-owned Nigerian National Petroleum Corporation denied the accusations of Shell controlling the government. The Spokesman Levi Ajuonoma said:

*"Shell does not control the government of Nigeria and has never controlled the government of Nigeria. This cable is the mere interpretation of one individual. It is absolutely untrue, an absolute falsehood and utterly misleading. It is an attempt to demean the government and we will not stand for that. I don't think anybody will lose sleep over it."* (Smith 2010).

## The rise of local movements

Due to environmental devastation and lack of basic human needs several restive movements have risen in the Niger Delta since the 1970s. In the 1990s, more organized resistance was formed (Meredith 2006, 576).

The Movement for the survival of Ogoni People (MOSOP) was formed in 1990, by Ogoni elders. In 1991, MOSOP presented the Nigerian Government with the ‘Ogoni bill of rights’. The document contained the demands of the Ogoni people (SocialAction 2014, 2). The three main targets were: (1*) “The right to control and use a fair proportion of OGONI economic resources for Ogoni development”*, (2) Political autonomy of Ogoni in their own region and “*the right to participate in the affairs of the Republic as a distinct and separate unit by whatever name called.”, (3) “The right to protect the OGONI environment and ecology from further degradation”* (SocialAction 2014, 3)

By November 1992, it was clear that the government was not going to heed Ogoni demands. Therefore, MOSOP gave Shell, Chevron and the state-owned NNPC an ultimatum: Pay US$10 billion, for royalty for past oil production and damages for the degenerated environment, or leave Ogoniland (SocialAction 2014, 3). In their letter to the oil companies, MOSOP wrote that time had come for: *“the Ogonis to fight for their own salvation (...) because there is no government to deliver us”* (Meredith 2006, 577)*.* As the oil companies did neither, January 4th 1993, MOSOP lead by Ken Saro-Wiwa, gathered 300,000 Ogonis in a mass protest (RightLivelyhood 2004). The immediate response of the government was military occupation of the area, which lasted more than four years. More than 1000 people were killed and even more were wounded. Others were made homeless or imprisoned without trial (RightLivelyhood 2004). However, the mass protest and other agitations that followed led Shell to leave Ogoniland in 1994 (SocialAction 2014, 4).

A prominent activist and leader of MOSOP, Ken Saro-Wiwa, suffered from severe harassment from the government, in the years between 1990 and 1994. He was arrested several times in 1993, and in 1994 he was arrested for murder. He was accused of having incited youth to murder Ogoni politicians, who were killed by a mob. After a trial, Saro-Wiwa and eight other MOSOP members were executed on the 10th of November 1995, before they could appeal. The execution led to worldwide attention from international observers, and the British Prime Minister described it as judicial murder. It led to international attention to the plight of the Ogoni community, which put a pressure on the Nigerian Government. As the Ogonis continued to reject Shell in the area, the Nigerian government finally withdrew Shell’s operational licence in Ogoniland (RightLivelyhood 2004) (SocialAction 2014, 4).

The internal and external pressure from the international attention finally led the government to bow to their restive Ogoni population and initiate some actions. Very importantly, they agreed to conduct an independent assessment of the environment in Ogoniland. The objective was to determine the extent of the damages to the environment caused by oil operations and essentially have it cleaned-up. The Nigerian Government contacted United Nations Environment Program (UNEP) in 2009, in order to have the environmental issues in Ogoniland assessed and have UNEP recommend how to remedy it (SocialAction 2014, 4).

## UNEP report

### Oil related impact on the environment in Ogoniland

UNEP released its report: ‘Environmental Assessment of Ogoniland’, on the 4th august 2011 (SocialAction 2014, 4).

The visual environmental impact of the oil industry in Ogoniland was substantial. Case studies were conducted from seven sites. I will present the main points of two of the cases, in order to give an overview of the severity of the environmental degradation of Ogoniland. Moreover, it shows Shell’s remediation attempts on the sites prior to the release of the UNEP report.

Picture 2 Oil pollution in Ogoniland (Press 2013)

In Ejama-Ebubu, a spill occurred more than 40 years ago. Large lumps of ash and tar fill and contaminate the area. In regards to remediation, a mobile thermal desorption unit was brought to the site, but it has never been used. In 2006, some excavation took place.

Picture 3 Ogoniland (UNEP, Nigeria 2011)

Two large piles of highly contaminated and burnt soil was moved to the sides of the walls of the site, each pile of approximately 5000 cubic metres and left there. The work was abandoned and neither Shell nor the community came up with a consistent explanation of why (UNEP, Environmental Assessment of Ogoniland 2011, 110-111).

In Gokana, five northbound pipelines are connected in a manifold. The manifold covers 5,000 square metres, surrounded with fences and armed army personnel. The area inside the manifold is heavily polluted with crude oil. The crude oil is seeping through the fence leading to contamination of additional 19,000 square metres of soil. Half of the infrastructure is inoperative and scorched. However, the Trans-Niger Pipline still runs through this manifold in Ogoniland, transporting 120,000-150,000 barrels per day. Following an oil spill from the pipeline in 2009, a fire lasting for several days erupted in the area. SPDC will not give information on the amount of oil spilled and the duration of the fire. SPDC does report that two remediation projects have been conducted and an assessment of the area is under way (UNEP, Environmental Assessment of Ogoniland 2011, 115-116).

UNEP summarizes their findings concerning the sites that SPDC categorizes as: Remediation completed.

1. *"At 10 of the 21 UNEP investigated sites along SPDC suspended facilities soil contamination exceeded the limits set by the Nigerian national legislation*
2. *At all 10 of these locations, contamination penetrated deeper than 1 metre below the surface*
3. *At 11 of the 21 sites groundwater pollution exceeded the intervention value set in Nigerian legislation*
4. *At four of the investigated sites, hydrocarbons were detected in drinking water used by neighboring communities”* (UNEP, Environmental Assessment of Ogoniland 2011, 135)*.*

UNEP concludes that Shell is not leading to legislative nor environmental restoration compliance. SPDC is not even in compliance with their own internal procedures (UNEP, Environmental Assessment of Ogoniland 2011, 135).

## UNEP’s recommendations

### Government

#### Governmental problems

UNEP notes that a central issue in restoring Ogoniland is that it will require coordinated effort of all parts of government, however among the many challenges are: *“the inadequate institutional capacity (both technical and financial) and overlapping institutional mandates, procedures and structures which, collectively, prevent effective coordination”* (UNEP, Environmental Assessment of Ogoniland 2011, 224). UNEP explains that Nigeria’s federal and state governments both have ministries of environment. In addition, the Department of Petroleum Resources (DPR), under the Ministry of Petroleum Resources (MPR) regulates the environmental issues as well (UNEP, Environmental Assessment of Ogoniland 2011, 138).

UNEP’s investigations further shows that DPR and The National Oil Spill Detection and Response Agency (NOSDRA), an agency under the Federal Ministry of Environment (FME) both have mandate to manage environmental issues arising from oil industry. However, UNEP’s findings show that the two have different interpretations of Nigeria’s most important environmental guidelines: Environmental Guidelines and Standards for Petroleum Industries in Nigeria (EGASPIN) (UNEP, Environmental Assessment of Ogoniland 2011, 138).

UNEP continues with concluding that: *“the expectation that effective environmental restoration can be achieved in Ogoniland with the current institutional capacity and framework is simply not realistic.”* (UNEP, Environmental Assessment of Ogoniland 2011, 224)*.*

Even though the government does not have the capacity to enforce and lead a collective action towards the restoration of Ogoniland, UNEP emphasizes that because of the seriousness of the environmental situation, it is simply not an option to wait for all of the institutional issues to be addressed (UNEP, Environmental Assessment of Ogoniland 2011, 224).

#### UNEP’s recommendations to the government

##### OERA and OERF

Due to the lack of governmental capacity, UNEP recommends the government to establish: an Ogoniland Environmental Restoration Authority (OERA) and an Ogoniland Environmental Restoration Fund (OERF). The Authority should have the mandate to oversee and follow up on implementations of the recommendations of the report. It should have a fixed lifespan of 10 years, work under the FME and have a separate budget, accrued from the Ogoniland Environmental Restoration Fund. OERA should deal with (1) environmental restoration and should (2) have a full team of communications experts to ensure ongoing dialogue with the Ogoni community.

OERF should be financed by the oil industry operators with prevailing interests in Ogoniland (Shell and NNPC) and the Federal Government of Nigeria. UNEP explains that major investments are needed to undertake the recommendations. In the first five years, the financial amount would exceed USD1Billion. UNEP notes that this is only the preliminary costs, aimed towards ending the currently ongoing pollution. The final clean-up costs are expected to be much higher (UNEP, Environmental Assessment of Ogoniland 2011, 226).

In addition, UNEP’s recommendations for future efforts entail a set of asset integrity actions to the oil industry, making them secure their facilities and properly decommission their abandoned facilities (UNEP, Environmental Assessment of Ogoniland 2011, 226).

#### CEER, Ramsar site and campaign

UNEP has three additional and very specific recommendations for the government. The government should create a Center of Excellence for Environmental Restoration (CEER), declare the intent to make the wetlands around Ogoniland a Ramsar site[[7]](#footnote-7) and mount a campaign against environmental degradation. The purpose of the center would be to educate Ogoni people, in areas such as environmental monitoring and restoration, enhance skills which would create employment opportunities and promotion of general learning. The center should also assist in business development and become a model for environment restoration - attracting experts and students. The Ramsar convention involves commitments to the 160 member countries. The convention seeks to *“maintain the ecological character of their Wetlands of International Importance*” and plan for sustainable use of set wetlands (UNEP, Environmental Assessment of Ogoniland 2011, 227). The campaign is necessary in order to inform the Ogoni population of the health and environmental consequences and risks due to remaining oil industry infrastructure (UNEP, Environmental Assessment of Ogoniland 2011, 227).

#### Emergency measures

Finally, UNEP presents some emergency measures, which should be implemented immediately.

 *“Ensure that all drinking water wells where hydrocarbons were detected are marked and that people are informed of the danger*

*Provide adequate sources of drinking water to those households whose drinking water supply is impacted*

*People in Nsisioken Ogale who have been consuming water with benzene over 900 times the WHO guidline are recorded on a medical registry and their health status assessed and followed up*

*Initiate a survey of all drinking water wells around those wells where hydrocarbons were observed and arrange measures (1-3) as opropriate based on the results*

*Post signs around all the sites identified as having contamination exceeding intervention values warning the community not to walk through or engage in any other activities at these sites*

*Post signs in areas where hydrocarbon were observed on surface water warning people not to fish, swim or bathe in these areas*

*Inform all families whose rainwater samples tested positive for hydrocarbon and advise them not to consume the water, and*

*Mount a public awareness campaign to warn the individuals who are undertaking artisanal refining that such activities are damaging their health”* (UNEP, Environmental Assessment of Ogoniland 2011, 205).

### Shell

#### Shell’s problems

The overall picture presented by UNEP is that oil facilities throughout Ogoniland are in various states of disrepair. UNEP emphasizes that these have not been maintained or decommissioned to industry standards. The integrity of the existing infrastructure must be examined, with the utmost attention to details, before any new oil operations should take place. Otherwise, new environmental damage and health risks will occur (UNEP, Environmental Assessment of Ogoniland 2011, 228).

UNEP explains that the oil industry often present access restriction from the community as the explanation for the delay between when a spill is reported and when it is cleaned up. However, UNEP argues that at all investigated sites, there was *always* a time-lag between a spill being observed and when it was addressed. In addition, the intervention measures that had been taken by oil operators were e.g. laying a skirt or absorbent boom to contain the spill. UNEPs investigations showed that these where in poor conditions and thus ineffective, resulting for example in rainwater channeling oil into creeks and rivers used by local communities. UNEP concludes that the issue of access is thus not the sole case of delay in cleaning up oil spills. UNEP argues that the actions of oil companies are substandard and unethical (UNEP, Environmental Assessment of Ogoniland 2011, 151).

#### UNEP’S recommendations to Shell

UNEP presents two kinds of recommendations to Shell. The first involves ensuring environmental improvement and prevent further oil spills. The second is the final clean up and restoration of the environment in Ogoniland that will ensure sustainable development. I will present the first and preliminary part of the recommendations, as the first part has an implementation time of ten years.

##### RENA

(1)UNEP recommends that Shell’s current approach to cleaning up contaminated sites, called RENA, should be discontinued, as should the revised Remediation Management System Shell. UNEP recommends that new procedures should focus on how to assess new spills in the shortest time possible. Relevant government agencies should be taken into the discussion process and should agree on the new clean-up standards and ongoing monitoring plans (UNEP, Environmental Assessment of Ogoniland 2011, 228).

##### Review of assets

(2)Shell should conduct a review of its assets in Ogoniland, including testing the integrity of current oilfield infrastructure. Then, UNEP recommends Shell to develop an ‘Asset Integrity Management Plan for Ogoniland’ and a decommissioning plan. For the specific assets that are to be retained, a plan should be made, including specifying inspection routes, risk levels and maintenance schedules. Most importantly: “*These plans should be communicated to the Ogoni people.”* (UNEP, Environmental Assessment of Ogoniland 2011, 228)

##### Decommissioning of oilfield facilities

(3)Shell should decommission those facilities that will no longer be used. Before decommissioning, Shell should conduct an environmental due diligence assessment of the plan. The assessment must include feedback from the Ogoni people (UNEP, Environmental Assessment of Ogoniland 2011, 228).

UNEP finally argues that if oil exploration is to be re-commissioned in Ogoniland, the region should be treated as: *“a greenfield site of high environmental and social sensitivity”,* which will require latest technologies and environmental guidelines (UNEP, Environmental Assessment of Ogoniland 2011, 228).

### Local communities

#### UNEP’s recommendations to the local communities

UNEP assesses that local community members prevent access to oil spills by protests and threats of violence. This limits access to remedy of oil spills, which in turn means that the response time to oil spills is delayed and results in greater consequences for the environment. This situation must be addressed. UNEP further recommends the local community to take a stand against illegal activities such as bunkering and artisanal refining (UNEP, Environmental Assessment of Ogoniland 2011, 229).

## Stakeholders

In the following empirical section, I will present the main stakeholders involved in restoring Ogoniland. UNEP calls for to collective action from the government, oil companies and local communities.

### The government

#### The Petroleum Act

Since 1956, when oil was first discovered, the government in Nigeria has made policies, regulations and agreements for the control and supervision of its oil resources. The first legislation on petroleum resources in Nigeria was created in 1969, cited as ‘the Petroleum Act’. The Petroleum Act states that the entire ownership and control of oil and gas in Nigeria is vested in the state of Nigeria. They can further authorize petroleum companies to explore and develop oil resources.

#### Institutions and legislation on environment and oil industry

Over the past 50 years, a very complex institutional set-up and legislation regarding environmental management of the oil and gas industry have evolved in Nigeria (UNEP, Environmental Assessment of Ogoniland 2011, 36).

The Ministry of Petroleum Resources (MPR) regulates the oil and gas sector. It also has the mandate to commence and implement policies for the oil and gas sector. Under the supervision of the Ministry are agencies and parastatals that ensure the execution of approved policies (FederalMinistryOfPetroleumResources 2015).

An important parastatal to mention is the Nigerian National Petroleum Corporation (NNPC) that undertakes the commercial ventures and is responsible for upstream and downstream development in the petroleum industry. The multinational corporations in Nigeria and NNPC can reach two kinds of partnership agreements, “Joint Operation Agreements” or “Production Sharing Contracts”. The Joint Operation Agreements is a concession system. NNPC functions as the concessionaire and the companies as the operators (FederalMinistryOfPetroleumResources 2015). The Production Sharing Contracts are designed to transfer the exploration risks and funding to interested oil companies. With this agreement, the oil operator only recovers its explorations costs if and when oil is discovered. The potential balance of the oil is shared between NNPC and the operating oil company (NIPC 2015).

Nigeria’s maximum crude oil production capacity is 2.5 million barrels per day. However, NNPC, through the subsidiary Nigeria Petroleum Development Company (NPDC), only produces 15,000 bpd. Thus, the multinational corporations produce many more barrels of oil than Nigeria’s own company (NigerianNationalPetroleumCorporation 2015).

#### Environmental regulation and enforcement

Regulation and enforcement of environmental law in Nigeria is partly conducted by the Department of Petroleum Resources (DPR) under the Federal Ministry of Petroleum Resources (FMPR). The DPR issued, first in 1992 and reissued in 2002, the ‘Environmental Guidelines and Standards for Petroleum Industry in Nigeria’ (EGASPIN). These regulations form the basis for environmental regulations of the oil industry. In addition, the Federal Ministry of Environment (FME) was formed in 1999. In 2006, the ministry of environment was followed by the National Oil Spill Detection and Response Agency (NOSDRA). All operations of FME and NOSDRA are based on EGASPIN. Ministries at state level also have mandate to manage environmental issues in Ogoniland; the River State Ministries of Environment and Water Resources. The local governments do not have any official role in environmental management or regulation of oil industry. However, they do have a de facto involvement due to their physical presence in Ogoniland (UNEP, Environmental Assessment of Ogoniland 2011, 36).

#### Government response to UNEP: HYPREP

The 20th of July 2012, less than one year after the release of the UNEP report President Jonathan Goodluck established the Hydrocarbon Pollution Restoration Project (HYPREP). HYPREP was established under the Federal Ministry of Petroleum Resources (Dr Jonathan 2012).

HYPREP’s vision was to be the foremost restoration project in the world. HYPREP seeks to better the livelihoods of all oil affected communities in Nigeria. Their mission is to protect and restore the environmental human rights of all communities affected by oil in the country. HYPREP have been granted mandate to investigate, evaluate and restore all hydrocarbon polluted sites and communities and make recommendations to the government and to implement the recommendations of the UNEP report (HYPREP 2013).

HYPREP’s guiding principles are:

*1. “Work with local communities*

*2. Ensure environmental sustainability*

*3. Proactively mitigate against hydrocarbon pollution risks*

*4. Work in accordance with international best practice*

*5. Ensure transparency and accountability*

*6. Employ inclusive processes”* (HYPREP 2013)

In their last update in 2013, HYPREP describe the initial initiatives that are being conducted. These include: marking all wells were hydrocarbon has been detected, putting up overhead tanks with potable water in all affected local communities, carrying out epidemiological studies and setting up medical registers, carrying out a survey of affected wells and arranging appropriate measures, putting up signs in endangered areas and holding public awareness campaigns. It is unclear, if all of these measures have been carried out in 2013, or if they were underway (HYPREP 2013).

HYPREP further describes that they collaborate with communities in Khana, Eleme and Tai in order to acquire land for the Center of Excellence for Environmental Restoration (CEER). HYPREP writes that these areas have donated land for CEER, which was recommended by UNEP (HYPREP 2013).

Six months after the establishment of HYPREP, the National Coordinator held meetings in the four local government areas of Ogoniland. The persons invited were traditional rulers, senior local government officials, and other relevant stakeholders. The objective was to give an update on HYPREP’s progress (HYPREP 2013).

HYPREP describes that they are preparing the launch of emergency water program in accordance with the recommendations of the UNEP report. Treated water will be trucked by 20 specially designed water tankers, and HYPREP’s water unit is deploying 400 disinfected water tanks. HYPREP notes that these are temporary measures. HYPREP and the Rivers State Government are preparing a regional water supply plan (HYPREP 2013).

HYPREP writes that they further have the intent to implement secondary school curricula material, informing the children in Nigeria of the effect of oil pollution. This is to be prepared for September 2013. It is to be a fulfillment of the UNEP recommendation on this area (HYPREP 2013).

Investigating HYPREP’s website, the last update was done in 2013, in their very first newsletter.

### Shell

#### Shell - history

The first Shell Company in Nigeria was founded in 1936. Two years later, in 1938, Shell was granted an exploration licence and could begin to prospect for oil throughout Nigeria. In 1956, the first successful well was drilled in Oloibiri and in 1958 the company started exporting oil from Nigeria. Shell is now the largest oil extracting and exporting MNC in Nigeria (Shell, 1936-1979 2015). Shell in Nigeria is called Shell Petroleum Development Company of Nigeria Limited (SPDC), however it will be referred to as Shell in this project.

Shell and the Nigerian government made four different agreements in 1970s, entailing the division of shares in the oil companies. Shell presents the agreements as follows:

- *“April 1973 - First participation agreement; Fed. Govt. acquires 35% shares in the Oil Companies*

*- April 1974 - Second Participation Agreement; Federal Government increases equity to 55%*

*- July 1979 - Third Participation Agreement (through NNPC) increases equity to 60%*

*- August 1979 - Fourth Participation Agreement; BP's share holding nationalised; NNPC = 80%, Shell = 20%”* (Shell, 1936-1979 2015)

It shows that the Nigerian government has continuously acquired a larger amount of the shares. The fourth Participant Agreement from 1979 is still the functioning agreement today: the NNPC has 80 % and Shell has 20 % of the shares of the oil company (Shell, 1936-1979 2015).[[8]](#footnote-8)

Today, Shell produces oil and gas from land and swamps in other areas of the Niger Delta Region than Ogoniland. Additionally, they extract oil and gas from deep-water reserves 120 km off the coast and operate Nigeria’s largest liquefied natural gas plant. Shell exports to all over the world (Shell, Who We Are 2015)

#### Shell’s commitment to UN global compact

Shell is part of the UN Global Compact committing to 10 universally accepted principles. The principles include areas of human rights, labor, environment and anti-corruption (Shell, UN Global Compact - reporting 2015). Most important to emphasize in the case of Shell in Ogoniland is the principles concerning environment and anti-corruption.

In relation to environmental protection, Shell highlights that they were the first energy company to adopt a biodiversity standard, and the company has a biodiversity action plan for Shell-operated companies *“in*[*International Union for Conservation of Nature (IUCN)*](http://www.shell.com/global/disclaimer-en.html/aHR0cDovL2Ntcy5pdWNuLm9yZy9hYm91dC9pbmRleC5jZm0%3D)*Category I-IV Protected Areas and for major projects in areas of high biodiversity value.”* (Shell, Environment 2015)*.* Shell furthermore states that they have been committed to contribute to sustainable development since 1997 (Shell, Environment 2015).

In the area of anti-corruption, Shell writes *“(…) we do not tolerate the direct or indirect offer, payment, solicitation or acceptance of bribes in any form.  Facilitation payments are also prohibited”* (Shell, Anti-corruption 2015), and Shell has elaborate programs and regulations to prevent corruption (Shell, Anti-corruption 2015).

#### Shell’s commitment to Nigeria

On their webpage, Shell explains that the company has “*a long term and continuing commitment to the country, its people and the economy”* (Shell, Who We Are 2015). The company explains that their largest contributions to Nigeria are through the payments of taxes and royalties. Moreover, Shell contributes to the country through the energy that they produce. Finally, they say that they are committed to support and finance initiatives involving community development in the Niger Delta Region (Shell, Who We Are 2015). Shell further states that it is a corporate citizen in Nigeria: *“As a corporate citizen, Shell contributes actively through its various social investment programmes.”* (Shell, Environment & Society 2015)*.* Concerning the environment, Shell aims at meeting the energy need of society in an *“economically, environmentally and socially responsible”* way (Shell, Environment & Society 2015).

#### Shell’s commitment to Ogoniland

Shell has been operating in Ogoniland since 1958, until their exit in 1993, during which period, Shell carried out oil and gas exploitation and productions (Shell, Frequently Asked Questions 2015). Before Shell’s exit from Ogoniland, the oil produced in the area accounted for 28,000 barrels a day. Shell describes that this is only a small proportion of their total production in Nigeria, consisting of about 1 million barrels a day (Shell, Ken Saro-Wiwa 2015). Currently, Shell has one of their main active pipelines, from the Niger Delta, traversing Ogoniland. In addition, Shell still has a network of about 100 wells, five non-producing fields and associated infrastructure in Ogoniland (Shell, Frequently Asked Questions 2015).

#### Shell’s fulfillment of the UNEP recommendations

Shell recognizes that UNEP has addressed them as a stakeholder in restoring Ogoniland. However, this is followed by the comment: “*(…) although the joint venture it operates has not produced oil or gas in Ogoniland since 1993.”* (Shell, The UNEP Environmental Assessment of Ogoniland 2015).

Shell says that they will do their part and explains that they have in fact worked with all of the recommendations made to Shell in the UNEP report: *“SPDC has made progress in addressing all of the recommendations directed to it in the UNEP report.”* (Shell, The UNEP Environmental Assessment of Ogoniland 2015)*.*

The following is Shell’s presentation of the actions made concerning the recommendations made by UNEP directly to them:

* *“There were 15 SPDC JV sites identified in the report as having been certified but which upon UNEP testing were found to require further remediation.*
* *All 15 of these sites were re-visited for sampling using the same contractors as UNEP, with 9 of the sites assessed to be remediated to regulatory levels. Further remediation was conducted at the other six sites and these have since been re-certified.*
* *An inventory and physical verification of assets in Ogoniland has been completed and SPDC is working with its joint venture partners and the government to develop a decommissioning plan for these assets.*
* *SPDC has completed a comprehensive review of its Remediation Management System and made a number of improvements in line with best industry practice.*
* *Contractors have been re-trained on clean up and remediation techniques and SPDC has assigned specialist supervisors to a number of project sites to ensure effective oversight and compliance”* (Shell, Frequently Asked Questions 2015)

Shell describes that they have shown leadership, as they have undertaken several activities ahead of the government, including implementing UNEP’s emergency measures:

* *“The construction of an integrated regional water scheme to provide safe drinking water to communities in the Eleme Local Government Area was wholly funded by the SPDC JV and now provides water to around 30,000 people. Prior to this, the SPDC JV supported the Rivers State Government in trucking around 148 million litres of potable water to communities over a period of 22 months from November 2011.*
* *In June 2012 the SPDC JV launched a community health outreach programme – ‘Health in Motion’ – in Ogoniland. Under this initiative, delivered in partnership with the Rivers State Government, medical teams toured towns and villages across Ogoniland providing primary health care services direct to communities, including eye testing, dental care, blood sugar testing, HIV/AIDS and malaria tests and minor surgeries. About 35,000 adults and 15,000 Ogoni children benefitted from this initiative.*
* *The SPDC JV has also worked with the Rivers State Government to implement awareness campaigns on the dangers of using contaminated water and with the Eleme Local Government to design and produce signs and notices to warn members of the public around impacted locations, as recommended by UNEP.”* (Shell, Frequently Asked Questions 2015)

#### What progress has Shell made in restoring the environment of Ogoniland?

Concerning the progress made in restoring Ogoniland’s environment, Shell points out that they have remediated 50 sites since 2013. The company explains that they are committed to cleaning up all spills from their facilities, adding *“irrespective of cause”* (Shell, Frequently Asked Questions 2015)*.* Moreover, Shell says that Shell has made progress on verifying the condition of the non-operating facilities, because of *“(…) increased access to Ogoniland (…)”* (Shell, Frequently Asked Questions 2015)*.* Shell explains that they have now been able to identify 125 additional sites in need of remediation. It is emphasized that the cause of these newly polluted sites are *“(…) a result of crude oil theft and other criminal interference since 2011”* (Shell, Frequently Asked Questions 2015).

#### The problem is oil theft and sabotage

Shell states that theft, sabotage, and illegal refining is a big problem, as Shell finds that it both constrains and reverses the actions taken by Shell in regards to the UNEP report. Shell has a clear perspective of who is at fault for the pollution in the Niger Delta today, in general. They argue that *“crude oil theft, sabotage and illegal refining are the main sources of pollution*” (Shell, The UNEP Environmental Assessment of Ogoniland 2015). They maintain that this accounts for 92 % of the oil spilled from Shell facilities in 2009-13. As for the pipeline going through Ogoniland Shell states*: “Incidents of oil theft and willful damage continue to take place along the Trans-Niger Pipeline in Ogoniland, with severe impacts on the environment.”* (Shell, The UNEP Environmental Assessment of Ogoniland 2015)*.* Shell emphasizes the part of the UNEP report that calls for a coordinated effort to end theft and illegal refining and which urges communities to take a stand against the guilty individuals and groups (Shell, The UNEP Environmental Assessment of Ogoniland 2015).

#### Shell is not able to implement more recommendations

Shell concludes by stating that any further implementation of the UNEP report is not possible, before the Federal Government provides a more effective coordination and governance – especially concerning funding. Shell describes that they are committed to contributing their share of the USD1 billion requested from UNEP in order to restore Ogoniland. Shell explains that UNEP did not make a detailed costing of the various specific recommendations, and that they await the government’s establishment of the Environment Restoration Fund. Only when a satisfactory framework and governance structure has been fully established, will Shell be able to contribute their share (Shell, Frequently Asked Questions 2015). Also Shell argues that any wider restoration of Ogoniland requires coordinated action by all stakeholders (Shell, The UNEP Environmental Assessment of Ogoniland 2015).

### Local communities and movements

The Ogoni people consist of a population of approximately 832,000, located in the four local government areas Eleme, Gokana, Khana and Tai. The Ogoni people have lived in the Niger Delta for hundreds of years and live in rural communities. Their livelihoods are based on agriculture and fishing (UNEP, Environmental Assessment of Ogoniland 2011, 32-33).

#### MOSOP’s reaction to UNEP report

The UNEP report was followed by an international outcry, but the Ogoni people were not surprised by the findings. Rose Zaranen, an Ogoni leader, says: *“The report only confirmed what we had always said. Now they have discovered for themselves that they have been poisoning our land and people. They should come and clean the land as UNEP has asked them to do. Since they don’t want to listen to us they should listen to UNEP.”* (Naagbanton 2014).

#### Ogoni Agenda

The MOSOP president Mr Legborsi Piagbara comments on the UNEP report in a telephone interview with the Tide[[9]](#footnote-9) in Port Harcourt. Piagbara states that the Ogoni people are willing to contribute their part to ensure the implementation of the UNEP report. Moreover, he expresses the willingness and readiness of the people to work with relevant authorities in order to implement the UNEP recommendations. However, Pigabara continues that the challenges in Ogoniland are not only a question of the clean-up of oil pollution, it is also political. He explains that the issue must also be tackled with points described in the Ogoni Bill of Rights. The central message from MOSOP is that they seek greater political freedom (Bibor 2015).

The MOSOP president explains that it is the people of the four Ogoni local government areas who actually experience and live in the impact of the environment pollution. It is therefore the yearnings and aspirations of the local community that a new political agreement is formed, one that enables the Ogoni to realise an “Ogoni Agenda”. Mr Piagbara urges for devolution of powers and an arena for the people to express their own political aspirations (Bibor 2015).

#### MOSOP’s opinion of HYPREP

In an interview with Daily Independent, shortly after the Minister of Petroleum introduced HYPREP in 2012, Ogoni Professional called HYPREP a mere gimmick. The Ogoni’s explained: *“The professional body of all Ogonis in the United States and indeed the entire Ogoni people are appalled that, almost one year after the UNEP Report was released and President Goodluck E. Jonathan assured the Ogoni people and the world that his administration will promptly act on the report, no practical steps has been taken by the government to implement the UNEP Report except this latest gimmick.”* (DailyIndependent 2013)

The Ogoni’s show concern as they have not been consulted in the establishment of HYPREP. They are: *“concerned that the HYPREP* (…) *does not have any inputs from the Ogoni people, the immediate beneficiaries and the UNEP that is unbiased and professionally equipped to coordinate the implementation of the report.”* (DailyIndependent 2013).

The Ogoni Professionals explain that the Ogonis have sought to meet and discuss the UNEP report with the government, but have been turned down(DailyIndependent 2013)*.*

The announcement of HYPREP conveniently came shortly before a large demonstration by the Ogoni due to lack of implementation of the UNEP report. The Ogonis explain that the timing of the announcement raised:*“serious doubts about the seriousness and real intentions of the government. In fact, the news conference unveiling the HYPREP by the Petroleum Minister is nothing short of a failed public relations blitz by the Jonathan Administration to give the public, especially the International Community the false impression that the government is taking steps to implement the UNEP Report.”*  (DailyIndependent 2013).

#### Protests due to the non-implementation of the UNEP report

At the end of 2013, MOSOP orchestrated a large protest. MOSOP’s president Legborsi Pyagbara explains:*“The Ogoni people are on the streets over the refusal of the government to implement the UNEP report two years after it was released”*(Naagbanton 2014)**.**

MOSOP gave the government a 90-day ultimatum, expiring on November 9th. December 10th 2013, more than 5000 Ogonis gathered at the Akpajo Junction (Akpajo is what connects the Ogoni area to the oil hub of Port Harcourt). The locals used tankers and their bodies to shut down two oil refineries and other petrochemical infrastructure. The following month, a massive march was conducted in Bori (Headquarters of the Ogonis) and later a protest march in Abuja (Naagbanton 2014)**.**

#### Shell pays compensation to Bodo in 2015

After three big spills in Bodo, Ogoniland, in 2008 and 2009, 15000 members of the Bodo community sued Shell in a British court. The spills destroyed thousands of hectares of mangroves depriving the villagers of their livelihood. There was overwhelming evidence to suggest that the pipeline causing the spills had not been adequately protected or repaired – Shell was ruled liable for the spills (Naagbanton 2014). In May 2015, after three years of legal battle, Shell agreed to compensate the Bodo fishing community in Ogoniland with 55 million pounds (USD83 million) (Caldwell 2015).

The trial raises new questions and opportunities, as Dick Saru Nowiko, a resident of Bodo, says *"If they have accepted [responsibility for] Bodo, what about other spills?"* (Caldwell 2015).

Sam Olukoya, DW's correspondent in Lagos, explains the uniqueness of the case: *"It is not every time that you have oil spills happening in the Niger Delta and you have compensation being paid. Most times when oil spills happen the oil companies take policemen to the areas to arrest the people, accusing them of sabotage. So this is quite an exceptional case"* (Caldwell 2015).

#### Shell is responsible for the pollution

Bari-Ara Kpalap is a leading Ogoni activist. He has spent a year in secret detention with Saro-Wiwa and the other executed Ogoni leaders. Kpalap is certain that Shell is complicit in the executions. He explains:

*“When I was arrested and tortured by the military, the only question they were asking me was why I and other Ogonis were disturbing Shell’s operations*.” He adds: “*At the Human Rights Violation and Investigation Commission in 2000, Shell admitted that it was paying the military and sharing intelligence with them about Ogoniland and our people. With that false information, the military killed, maimed and raped in Ogoniland. Though I still have health problems from the torture, I am happy, because I can still tell my story and the stories of others, whether alive or killed.”*(Naagbanton 2014)***.***

Kpalap explains who is responsible for the devastating human and environmental conditions of the Ogoni people: *“Shell, in collusion with a succession of governments in Nigeria, is responsible for the human and environmental tragedy of the Ogoni people,”* he says. *“It was in my community that Shell discovered oil in commercial quantities in the late 1950s. Since then, we have known no peace. I was in primary school when I witnessed the first organized demonstration against Shell. Things have not changed.”*(Naagbanton 2014)**.**

## Evaluations by Non-Governmental Organizations

In 2014, three years after the release of the UNEP report, five large NGOs have done an evaluation of the implementation of UNEP’s environmental assessment of Ogoniland. The report: NO Progress has been conducted by Environmental Rights Action – Friends of the earth Nigeria, CEHRD, Friends of the Earth Europe, Platform, and Amnesty International. In addition, Social Action, a social development integrated centre, has conducted an evaluation. The two evaluations represent the perspectives of the same group of stakeholders: the NGOs. Thus, the two groups will be presented as one - the NGOs (Fyneface og Akhigbe 2014) (SocialAction 2014).

### Government - Listening to the oil companies

The NGOs point out that the government’s first reaction to the UNEP report, under the leadership of then president Goodluck Jonathan, was to set up a Presidential Implementation Committee (PIC). The committee was jointly headed by the Ministry of Petroleum Resources and the Ministry of Environment and was to advise the federal government on how to proceed. Meanwhile, the Ministry of Petroleum Resources had asked the Nigerian National Petroleum Corporation (NNPC) to gather the major operators of oil industry in Nigeria to discuss how they should move forward with the UNEP recommendations. The oil industry group, consisting of Shell, Total, Chevron and Agib, decided to formulate an action plan. The report presented by PIC was harmonized with the action plan conducted by the oil industry group, before it was presented to the government (Fyneface og Akhigbe 2014, 14).

### Issues with HYPREP

The NGOs argue that the issue with HYPREP is that it was not backed by an enabling legislation nor did the government clarify the budget provisions for its activities and operations. The lack of structure and budget led to internal conflict between HYPREP and the government. The conflict was aggravated by salaries not being paid to HYPREP’s 140 employees for over 18 months, as of August 2014. The employees finally took their complaints to the Environment Committee of the Nigerian Senate. However, the senate could do nothing, as HYPREP and the Petroleum Ministry are not under their supervision. If one visits the HYPREP office today, it is clear that it has been abandoned since 2013 (Fyneface og Akhigbe 2014, 15).

### Evaluation of HYPREP’s initiatives

The NGOs made field trips to the four local government areas of Ogoniland from September 2013 to September 2014. Investigations have been conducted about HYPREP’s actions concerning (1) Drinking Water Wells Marked by HYPREP/Signposts, (2) HYPREP Overhead Water Tanks/Water Provision, and (3) Claim of land ownership for the Centre of Excellence in Restoration.

#### Signs

In Khana[[10]](#footnote-10), signs were seen near some of the polluted wells, but, the polluted Pene Teera-Ue river, which the communities use for drinking and bathing, has no warning signs. In Tai[[11]](#footnote-11), no HYPREP signposts were seen. Most troubling is the missing sign near the river Oo-a-naana. The river is visibly contaminated, but the inhabitants still rely on it for fishing, bathing and drinking (Fyneface og Akhigbe 2014, 18). In Eleme[[12]](#footnote-12), where the UNEP report revealed that the inhabitants were *“consuming water with benzene over 900 times the WHO guideline”* almost all *“boreholes, mono-pumps, overhead tanks and water-wells*” were marked with signposts (Fyneface og Akhigbe 2014, 18). However, Social Action notes that some of the signs indicate that they are in fact erected by the Eleme Local Government Council (Fyneface og Akhigbe 2014, 19). In Gokana[[13]](#footnote-13), signs were seen around polluted water sources and oil-impacted sites. However, children were still seen bathing in the lakes despite the signs.

#### Water supply

In Khana, findings revealed that HYPREP did not put up overhead water tanks in any of the local communities visited. The Khana Local Government Secretariat further describes that HYPREP has not provided water to any Khana community at all. However, 30 ‘desk-level’ plastic water tanks were observed at Bori, Headquarters of Khana local government area. Moreover, a set of iron tank stands was found in an overgrown area under a mango tree. In Tai, three plastic tanks were observed and no overhead tanks. It was clear that none of the tanks had been put to use, as they were overgrown (Fyneface og Akhigbe 2014, 21). Nor had the observed plastic tanks been put to use in Eleme. A local, Mr. Davidson Ngawala explains that not a drop of water has been provided by HYPREP. Some flowing water taps were seen in the community, when asked about them Ngawala explained*: “It was Shell that provided the water through the River State Ministry of Water Resources. Shell officials even came down here to commission the water alongside staff of the Ministry of Water Resources, not HYPREP”* (Fyneface og Akhigbe 2014, 22). At the Community Business Development and Resource Centre some water tanks and tank-stands was found, covered in weeds (Fyneface og Akhigbe 2014, 22). The same was observed in Gokana.

#### Land to CEER

Social Actions investigation showed that even though HYPREP had approached some rulers in the communities to acquire land for the Centre of Excellence, no legally-binding agreement had been reached. The rulers and chiefs interviewed by Social Action testify that HYPREP has no title of ownership of land in Ogoni communities (Fyneface og Akhigbe 2014, 23).

#### IUCN deems RENA insufficient

In the report ‘Still polluted’, it is described that Shell asked the International Union for Conservation of Nature (IUCN) to review the environmental problems in Ogoniland, January 2013. They found that sites had been signed of as clean, that were not: *“in a recently concluded remediation site in Soku, the [Chemicals of Special Concern] levels were far higher than standards of EGASPIN (2002), even though all authorities had signed off on the certificate for a clean bill of health for that site*” (SocialAction 2014, 8). The conclusion of the investigation was*: “Oil spill responses and remediation are not implemented fast enough and the methods and regulatory standards for biodiversity and habitat rehabilitation have not been adequately established. Some of the issues that are not properly addressed in the current context need a different approach consistent with best practice in the industry*.” (SocialAction 2014, 8).

#### The end of HYPREP

The 16th September 2014, the Minister of Petroleum, Diezani Alison-Madueke invited Ogoni leaders to a ‘Multi-stakeholder workshop’ and explained why they had not heard from HYPREP for some time:

*“*(…) *upon consultations with the people of Ogoniland, it has become clear that the community and relevant stakeholders have not been properly consulted or incorporated into the implementation process of the UNEP report. Accordingly, government has been deliberately cautious by solely and carefully reviewing the HYPREP structure to determine the best way to rejuvenate the program to fully restore Ogoniland as it is envisioned in the report* (*…*) *We will clearly create a major steering committee and we will face the restoration process in such a manner that people will actually see and feel what is happening. We have a lot of aggressive work so that it becomes quite clear that the federal government is fully behind this and putting all efforts and weight on it*” (SocialAction 2014, 24).

The NGOs argue that reveals that HYPREP’s structure was not adequate for the job of restoring Ogoniland and implementing the UNEP recommendations.

# Analysis

In the analysis, the four hypothesis deduced from the theoretical framework is tested to answer the problem formulation.

## Historical factors

### Nigeria’s history of dependency

The first part of the analysis will have the purpose of investigating how Nigeria’s historical context is traced to the case of Ogoniland. Addressing the hypothesis: “*Nigeria’s history reveals a structure of dependency to the West and institutional incapacity”.*

Amin argues that seen historically, the structural system between the centre regions (developed countries) and the peripheries (underdeveloped countries) has evolved into an ever greater system of dependency. The centre regions’ development through accumulation is dependent on exploitation of raw materials and resources from the periphery regions, which in turn hold them in a stage of underdevelopment. During the colonial period, the British used a minimum of resources on the administration of Nigeria, hereby letting economic activity be up to commercial companies. This was seen in the case of Shell in Nigeria. They actually started operating already in 1936, a long time before Nigeria’s independence in 1960. Colonialism arguably made it easy for Shell to come into Nigeria and exploit their resources without much restriction. Indeed, the petroleum Act was not created until 1959, until then Nigeria had only had more sporadic agreements and policies. Shell furthermore had the advantage of know-how and technology to start oil operations in Nigeria. As seen in the Petroleum Act the government had control and ownership of the natural resources and authority to led oil companies explore for and develop the petroleum resources. Thus the seeds of exploitation of natural resources were sown during the colonial period, as argued by Samir Amin. It is seen that Shell still today benefits from having the enhanced technology to refine the oil and thus gaining more profit from the oil resources than Nigeria. The NNPC does produce 15,000 bpd, but the country’s maximum crude oil production capacity is 2.5 million bpd. This means that the MNCs such as Shell produce much more than the country does itself. Amin argues that the fact that centres (Shell) have the technological advantages and the peripheries (Nigeria) only provide raw material and resources creates a process of successive dispossession of accumulation mainly benefitting Shell and the developed countries. In addition, Shell started exporting Nigeria’s oil in 1958, but not until 1973 did the federal government of Nigeria take part in the shares (35 per cent). Today, even though the NNPC holds 80 per cent of the shares, Shell still has the advantage of refining the oil. Through the perception of Samir Amin, Nigeria’s underdevelopment can thus be seen as the reverse side of the development in the western countries.

### Trapping Nigeria

Collier further argues that due to the specific time period of the decolonization Nigeria has not established well-functioning institutions. Collier’s investigations found that effective states evolved due to the need for establishing a strong military power to secure it from external threat. The decolonization period happened in the aftermath of the two great world wars, thus war was not an acceptable part of the government agenda. In turn, there was no incitement for the government to establish an effective tax system, legal system or make investments that would lead to private prosperity. Indeed, Nigeria’s history suffers from: corruption issues and ineffective institutions; the court system has been infested with bribes; the police force unequipped to uphold law and order in the county. In addition, the mere fact that today 61 per cent of the population lives below the poverty line, while the country receives enormous amounts of oil revenues, reveals a dysfunctional civil service.

 Even though, the decolonized countries did not create a military for external threats, there were threats internally in the countries. Collier argues that the institutional instability and insecurity lead to a high risk of military coups. Indeed, the political evolution in Nigeria, since its independency, is defined by changing regimes through several military coups.

Collier argues that this situation is only aggravated by resource rent. If a country finds resource rents at a time before well-established institutional system it will leave the country in a natural resource trap. This is because the government will not be dependent on tax from the local population, as they can embezzle the oil revenues. In addition, oil revenues encourage patronage and direct vote-buying. History shows that the average Nigerian was poorer in 2000 than they were in the beginning of the 1970, when the government started receiving resource rent. It can be argued that this is due to the rent money, which makes the government less dependent on tax and thus less inclined to meet the need of its restive populations. In addition, Nigeria’s history shows issues regarding democratic elections and patronage, funded by resource revenues.

## Stakeholder analysis

The stakeholder analysis will revolve around the three main stakeholders presented in the empirical section: the government, Shell and the local community. Their actions and interest in Ogoniland will be analyzed in order to elucidate the complicated situation in restoring the area. Addressing the hypothesis: *“The stakeholders in Ogoniland: the government, Shell and the local communities have counter-acting interests that create problems for the restoration of the environment in Ogoniland”*

### Evaluation of the stakeholders’ actions

This part of the analysis will evaluate to what extent the main stakeholders: government, Shell and the local communities have fulfilled their parts of the recommendation.

#### Shell

##### Discontinuing RENA or not?

UNEP recommends that Shell discontinue their remediation management system RENA and also their revised remediation management system. UNEP’s findings showed that sites Shell had already certified, using existing procedures, were in fact highly contaminated. UNEP therefore argues that new procedures must be put in place, which can address all new spills effectively and fast. The new standards and monitoring plans must be agreed upon by relevant government agencies.

Shell seems to go directly against UNEPs recommendations in regards to RENA. Shell writes that they have again reviewed their remediation management system and made a number of improvements, but UNEP recommended entirely new procedures and standards. Even though, Shell claims to commit to UNEP’s recommendations, their first action was to ignore them regarding this.

##### Remedied the 15 sites?

Shell says that they have re-visited the 15 sites, Shell had certified at the time of the UNEP investigation. However, UNEP’s investigations showed that the 15 sites required further remediation. Shell explains that they used UNEP’s contractors to assess the sites again, this time 9 of the 15 sites were (remarkably) assessed to be remediated to regulatory standard. Shell states that the last six sites have now been remediated and certified. It is obviously disturbing that a contractor, when employed by UNEP, assesses it to need further remediation and when employed by Shell finds that they meet regulatory standards. The other factor is that Shell states that the remaining six sites that have had further remediation is certified by Shell’s old remediation management system, which UNEP clearly found lacking. There is thus no evidence to suggest that these sites have in fact been remedied to international standards, as required from UNEP, even though Shell says that all 15 sites have now been certified.

It is unknown if the government has agreed upon Shell’s improved RENA. What is known is that they did not regulate Shell’s actions in choosing to keep RENA. The NGOs back this point of view and argue that it is reasonable to conclude that, without governmental regulation, Shell’s certificate is unreliable, and thus the 15 sites are still in need of further remediation.

The NGOs point to a disturbing fact, when they present the investigation conducted by the [International Union for Conservation of Nature (IUCN)](http://www.shell.com/global/disclaimer-en.html/aHR0cDovL2Ntcy5pdWNuLm9yZy9hYm91dC9pbmRleC5jZm0%3D) (employed by Shell), in 2013. IUCN found that the improved RENA had not been adequately established and that the oil spill response was still too slow. This means that Shell is aware of the fact that their ‘improved’ system is actually also insufficient, but still they choose to keep it.

The NGOs further present the fact that IUCN found a site in Soku (in 2013), which was clearly polluted, but all relevant authorities had signed and certified it. The NGOs present this as a finding that reveals that the other 15 sites have not been remedied either. However, Shell explains that they since 2013 have found 125 new sites in need of remediation and remedied 50 of these. Soku could be one of these sites. Thus it is not clear whether Shell has in fact remedied the site of Soku, after the investigation conducted by IUCN. However, the fact that only 50 of the new 125 sites have been remedied further testifies that the response time of Shell is too slow. If Shell was to follow the recommendations of UNEP the new regulation standard should be able to clean up all new oil spills fast.

##### Verification of assets and decommissioning plan

UNEP’s second recommendation to Shell include: (1) a comprehensive review of all assets in Ogoniland and make thorough testing of the integrity of oilfield infrastructure; (2) develop an ‘Asset Integrity Management Plan for Ogoniland’ (AIMPO) and conduct a comprehensive decommissioning plan.

(1) Shell says that they have conducted a physical and inventory verification of their assets in Ogoniland. Nowhere do they state that they have begun to test the integrity of oilfield infrastructure, indicating that they have not reached this part of the process yet. Even though Shell claims to have verified their assets, it will be attempted to analyze whether they have in fact done so, and why they did not do so earlier. First of all, it is noticeable that they write at one point that they have conducted verification and at another point writes that they have only made progress. This leads to an uncertainty whether Shell has in fact finished this part of the recommendation. Second of all, Shell argues that the reason why they have only now made progress on verifying the conditions on their non-operating facilities is the increased access to Ogoniland due to the UNEP report. However, UNEP writes that the argument of access restriction to Ogoniland is not a valid excuse for the time-lag between when a spill is reported and when it is addressed. Likewise, it can be argued that the excuse of limited access is also insufficient in the case of verifying their assets. So, even though UNEP concluded that access restriction is not a valid argument in the report from 2011, it is still, four years later, Shell’s only explanation of why they have not verified their assets and facilities earlier.

(2) After having finished the review of their assets, Shell should develop AIMPO and then a decommissioning plan. It must be noted that before Shell can finalize and meet this UNEP recommendation, several steps have to be taken: the Ogoni people are to be informed of every step of AIMPO (risk levels, inspection routines and maintenance schedules); The decommissioning plan needs to have an environmental due diligence assessment and should include feedback from Ogoni people; the decommissioning itself has to be executed. Shell says that they are currently working on a decommissioning plan with joint venture partners and government. Nowhere do they present the AIMPO plan, which should have been developed before the decommissioning plan. It can thus be argued that Shell has not started working on this part of the recommendation. A central requirement for AIMPO and the decommissioning plan were that every step had to be communicated to and feedback requested from the Ogoni people. Shell states that they are working with joint venture partners and government, but does not mention any cooperation with the Ogoni people. One can wonder why, as the Ogoni people have stated that they are interested in working with any relevant authority in order to implement the UNEP report, and their cooperation is a clear requirement from UNEP.

##### Emergency measures

Shell describes that they have not only started working on all of the recommendation to them, they have shown leadership and have undertaken activities ahead of the government and implemented UNEP’s emergency measures.

###### Water supply

Shell writes that they have funded the construction of an integrated regional water scheme to communities in Eleme and supported the Rivers State government in trucking potable water to communities. The evaluation conducted by the NGOs confirms the statement regarding the establishment of an integrated regional water scheme, as water taps were seen in the community. The locals explain that Shell and the River State Ministry of Water Resources commissioned the water.

###### Awareness campaign

UNEP recommends government and oil companies to create a campaign against illegal oil-related activities across Ogoniland. Shell explains that they have worked with the Rivers State Government to implement awareness campaigns about contaminated water. Shell does not elaborate further on the content of this work. The evaluations from the NGOs did not reveal any actual campaigns and thus cannot reveal what Shell’s work concerning awareness campaigns consists of. It could be that this part of the action is still on the drawing board. However, the campaign if it has been carried out did not reach its goal, as the Ogonis are still drinking and bathing in the polluted waters.

###### Warning Signs

Shell further says that they have worked with the Eleme Local Government to set up warning signs. The NGOs did not mention that Shell took action in providing signs in Eleme. However, the NGO evaluation includes photos of signs in Eleme that are specifically provided by the local government. It seems that Shell and the local government’s collaboration bore fruit, as signs were in fact seen in Eleme.

#### Government

##### HYPREP

UNEP recommended the government to: establish a Center of Excellence for Environmental Restoration (CEER), declare intention of making Ogoniland a Ramsar site and mount a campaign that will inform local communities of environmental degradation. However, before doing so, UNEP recommends that the government establishes Ogoniland Environmental Restoration Authority (OERA) and Ogoniland Environmental Restoration Fund (OERF). In addition, UNEP highlights the importance of establishing OERA under the Federal Ministry of Environment (FME).

The government’s reaction to the UNEP report seems to go directly against the UNEP recommendations. The government did not establish OERA, they established HYPREP. Very importantly, the government established HYPREP under the Federal Ministry of Petroleum Resources (FMPR) rather than FME. In addition, the government has until now not established the OERF. A major issue in this is that OERA (and therefore HYPREP) were supposed to have a separate budget, accrued from OERF.

When this is said, the mandate given to HYPREP is to some extent similar to the mandate UNEP recommended should be appointed to OERA. UNEP recommended that OERA were to focus on restoration of the environment and to employ a full team of communications experts to ensure a good dialogue amongst the stakeholders. One of the priorities of HYPREP is indeed to ensure environmental sustainability. In regards to communications and dialogue, HYPREP was supposed to be focused on: Work with local communities and employing inclusive processes. In addition to what UNEP recommended OERA to cover, HYPREP also wished to: proactively mitigate against hydrocarbon pollution risks, to ensure transparency and accountability and lastly to work in accordance with international best practice.

##### HYPREPs actions

Three areas of HYPREP’s claimed actions will be further elaborated in the analysis. These actions include water accessibility, warning signs and land given in order to establish CEERs.

First of all, UNEP made a clear distinction between the emergency measures and the recommendations to be conducted by OERA. The actions of HYPREP picks and chooses at random, as water accessibility and warning signs are a part of the emergency measures and CEER is a recommendation specifically for OERA. This was not the intent of UNEP.

The NGOs’ evaluation reveals a very inconsistent and sporadic placement of signs around Ogoniland. Two large severely polluted rivers have no signs, and in all of Tai no signs were seen. Signs were, however, placed by *some* of the wells in Khana. In Eleme, signs were provided by the local government and Shell. Even though HYPREP claims to have put up signposts at *all* hydrocarbon polluted wells, this is clearly not the case. Most disturbingly, at all of these sites, signposts or not, inhabitants were seen bathing in, fishing at or drinking of the polluted water sources - despite the warning signs.

HYPREP claims to have provided large overhead tanks with potable water to oil-impacted communities. The NGO evaluation shows that evidently they did not succeed. Small plastic and iron water tanks can be seen around the communities, however none of them seem to have ever been put to use and most are overgrown with weeds. From the perspective of the NGO’s and the local community which was asked, HYPREP did not provide the water they claimed to have done. In addition, they certainly did not implement the regional water supply plan.

In addition, HYPREP claims to have established collaboration with local communities and say that the local communities have conceded to donate land for CEER (which was recommended by UNEP). The evaluation conducted by the NGOs shows a very different picture. Their interviews with rulers and chiefs of the areas in mention reveal that no legally-binding agreement has ever been committed to.

#### Local community

UNEP recommends the local communities to stop protests that prevent access to oil spills, as it delays the response time to clean up spills. MOSOP’s immediate response to the UNEP report was that they were very willing to follow the directions in the UNEP report and contribute their part. However, only one year after the release of the UNEP report, MOSOP threatened to hold a large demonstration, but it was put on standby, when the government presented HYPREP. In November 2013, MOSOP complained that they saw no real improvements or implementation of the UNEP recommendations, not from HYPREP and not from Shell. Thus MOSOP gave the government a 90 days response time to initiate some implementations of the recommendations from the UNEP report. The government did not react, and MOSOP had a large demonstration including a massive march in Bori and blockades of all routes leading to oil facilities in the Rivers State area. It can thus be seen that the recommendation to the local communities of not carrying out protests has not been met.

### Interests that counteract the restoration of Ogoniland

This analysis will revolve around the three main stakeholders. Their actions and interest in Ogoniland will be analyzed in order to elucidate the complicated situation in restoring the area.

#### Political and managerial stakeholder interests

##### Government

###### Too many environmental agencies

As presented in the empirical section the governmental responsibility is laid upon several different levels and areas with the governmental system. UNEP’s investigations show that the governmental agencies have different interpretations of the EGASPIN guidelines, inevitably complicating the efficiency of the agencies and their ability to work together. Indeed, UNEP argues that Nigeria suffers from inadequate institutional capacity and categorizes it as one of the main issues in restoring Ogoniland.

###### Why did HYPREP not work?

It can be argued that by not following the recommendations from UNEP, HYPREP was doomed to fail. The reason is seen in the fact that UNEP clearly argued that if the government used its existing institutional framework, it was not realistic to achieve an effective restoration in Ogoniland. Therefore, UNEP tried to help the government with their complex institutional system and made a clear guideline for them to follow. However, the government chose to use their existing framework and thus not follow the guidelines. HYPREP was placed under the wrong ministry and in addition had the responsibility of both the emergency measures and OERA, which was never the intent of UNEP. By doing so, HYPREP’s task was made too complex.

Right from the very first introduction of HYPREP, the president of MOSOP predicted that HYPREP was in fact only a PR blitz, orchestrated by the Jonathan Goodluck administration. MOSOP also pointed to the very convenient timing of the announcement of HYPREP – right before a planned Ogoni demonstration protesting the government’s missing action towards fulfilling the UNEP recommendations. The release of HYPREP did stop the demonstration, which in MOSOP opinion was the only intent of the government all along. MOSOP’s arguments and predictions do seem to have some merit, as HYPREP had a very short lifespan. In fact, the NGO investigation showed that HYPREP was not backed by an enabling legislation, and that the government had not provided the budget provision for HYPREP’s activities. The NGO investigation is backed by the fact that OERA (HYPREP) was to receive its budget from OERF, which has not been established.

It can be argued that the employees of HYPREP believed in their initiative, because they actually kept working an additional 18 weeks with no pay. They tried their best to seek help from the Environment Committee of the Nigerian Senate (ECNS) but there was no help to be found. The reason was that the environment committee has no jurisdiction over the DPR, because it falls under the area of petroleum resources and not the environment. The explanation of why the workers sought help from a committee that has no supervision over HYPREP is not clear. However, it might suggest that it is of lack of a better alternative, further revealing the institutional incapacity in Nigeria. In addition, it shows another negative implication of placing HYPREP under FMPR rather than FME, as it seems that there has been nowhere to turn within the governmental system in order for the basic functions of HYPREP to be upheld.

According to Collier, the federal government actually has an interest in a dysfunctional institutional system in Ogoniland. In the section *Nigeria’s history of dependency*, it was explained how the service sector has had high costs but little function. The government has historically used the complex governmental system as a means of embezzlement. With a more well-functioning institutional system in Ogoniland, a higher level of checks and balances would come into function. This could reveal the historical and current system of corruption, which the government has an interest in hiding. One can argue that these aspects are a part of the issue of HYPREP as well.

#### Shell

##### Is Shell behaving like a corporate citizen?

The analysis of the actions of Shell is seen through the perspective of corporate citizenship. The following section will analyze Shell’s actions in regards to the recommendations appointed to them by UNEP. This will help determine whether Shell lives up to their self-claimed title as a corporate citizen and their commitment to the global compact principles. Addressing the hypothesis: “*Shell does not live up to the responsibility of a corporate citizen”.*

###### Shell – paying for the sins of yesterday

The actions of Shell cannot be seen out of their historical context. One can argue that the fact that Shell has contributed to the pollution of Ogoniland stems back from the time the oil operations started. When Shell started operating in Ogoniland, it was another time. After the world wars, the general understanding of development was economic growth. The understanding of modernization theory was at its highest, arguing that the underdeveloped countries needed to industrialize and go through the same path of development as the developed countries had. Not much attention was given to the environmental repercussions. In addition, Friedmann’s shareholder theory, implicating that the only role of a company was to create economic growth, was dominant. The idea of sustainable development and thus concern with this area did not rise until 1987 and not until the end of this year 2015, is it to be implemented in the MDGs. Today, the general understanding of development is more complex. Indeed, in both the dependency theory and the CSR literature, countries are interdependent on each other and the expectations of corporations has changed and risen. Shell has since 1997 been committed to sustainable development and the global compact, but this was in fact years after they left Ogoniland. If Shell were to start operating in Ogoniland again, their actions might be very different than the last time, because of the change in environmental awareness and the demand for it. If Shell has in fact learned from the their mistakes in the past and evolved to live up to the current expectations of a corporate citizen it will arguably be reflected in their action in regards to the environmental restoration of Ogoniland.

###### Shell’s political influence

The government does not explain why they chose to place HYPREP under FMPR rather than FME. However, the recent revelation of Shell’s influence in all levels of government may have been a contributing part. Indeed, their opinions were taken into consideration in the establishment of HYPREP, when oil companies were invited to a meeting before establishing HYPREP. Thus, it can be argued that Shell’s large influence in the government affected the governmental decisions in favor of the oil companies and placed HYPREP under FMPR. By placing HYPREP under FMPR Shell will arguably have a larger influence on HYPREP, because this ministry focuses on petroleum resources as well as the environment.

The CSR theory highlights how MNCs can be a two-edged sword – they can have both positive and negative influences in the country in which they operate. The influence that Shell has within the government did quite likely influence the government’s decision to place HYPREP under the FMPR. It is seen that there was no governmental department that was set up to regulate and finance the actions of HYPREP, as it was placed under FMPR. This eventually led to HYPREP’s malfunction. HYPREP was the government’s only action in regards to the UNEP report and thus the only hope for salvation for the local communities in Ogoniland.

###### Shell’s actions in regards to the UNEP recommendations

Shell said they have started working on all of the recommendations presented to them and done even more than that. However, the analysis showed that the recommendations were only partially completed and the prospect of finishing the recommendations before 2021 seems unlikely.

Shell did not implement a new remediation management system but only revised RENA. In addition, IUCN concluded that the site in Soku, which was certified by all relevant authorities, had chemicals far higher than accepted by Nigeria’s ‘Environmental Guidelines and Standards for Petroleum Industry in Nigeria’ (EGASPIN). Even so, Shell chose to keep RENA. What is additionally disturbing is the fact that IUCN is the union with whom Shell is working on their biodiversity action plan. This means that Shell in regards to not changing RENA is disregarding not only UNEP but also the union with whom they work with to ensure that they keep their commitment to the global compact principles. It can thus be argued that Shell once again goes against their commitments and against the conduct of a corporate citizen.

On another note, Shell explains that they are not able to meet any more recommendations until the government has done their part. However, they also argue that they have their share of the USD1 billion for the projects in a separate account, but they cannot give the government the money due to the institutional incapacity of the government. It is noticeable that Shell on the one side uses the government as an excuse not to proceed, when they on the other side argue and is very aware of the fact that the government is not able to do it at all. It can thus be argued that Shell uses the government’s lack of action as an excuse that relieves Shell of taking any further action themselves.

###### The importance of public relations

It must be taken into account that Shell went ahead and fulfilled some of the emergency measures without the help of the federal government (i.e. signs and water supply in Eleme). On the one hand, when one considers the fact that Shell did not finalize any of the recommendations directed directly at them, it can be argued that Shell only undertook additional action for PR purposes. On the other hand, one could also see it as if Shell has taken on additional responsibility, and as such acted as a corporate citizen.

Considering the first perspective, it does not matter what motivates Shell, just as long as they take positive actions in Ogoniland. The Ogoni case has drawn international attention. Much is expected from Shell both from the international community and the local community. Therefore, it can be argued that Shell does need to present some action to the public that has in fact made changes for the Ogonis. Indeed, looking at Shell’s Nigerian webpage, the only CSR area that is comprehensively described is the ‘Ogoni issue’ (as Shell names it). Indicating that the company is indeed aware of the international attention that the Ogoni case has drawn and the negative publicity it can give the company.

Shell’s other CSR initiatives are mentioned in one sentence here and there, and it is very hard to get a comprehensive picture of their initiatives. I wrote to Shell several times and to several different apartments and countries for more information and an interview. It was made very clear that employees are not allowed to comment further on their CSR initiatives than what is carefully described on their webpage. The reason can on the one hand be that it is difficult to ensure that every employee in a company can articulate messages in such an important area without mistakes, and this can have devastating effect on the company’s reputation. On the other hand, one wonders why they are not interested in elaborating on their initiatives, as this would give an opportunity to describe the positive impact Shell has in Nigeria. However, a likely explanation is that too much information will make it possible to investigate the cases further and find failed initiatives or maybe even corruption issues - information that could harm the company. However, the Ogoni case has drawn so much international attention, that Shell cannot hide behind a complex webpage. They must argue their perspective. Indeed, NGOs are arguing that Shell has not fulfilled any recommendations, which reflects poorly on the company. Thus, it can be argued that Shell has implemented some of the emergency measures to ensure positive PR.

###### Shell – a corporate citizen?

In considering the second perspective, I will investigate the positive acts of Shell in Eleme. The initial part of the analysis showed that Shell’s collaboration with the local government of Eleme bore fruit. In Eleme, the NGO’s found water taps and warning signs, which Shell has helped fund, and where Shell oversaw the implementations process. The fact is that the only area where water taps are found is the area where Shell has been involved. This further testifies to the notion that Shell has the needed capacity to ensure successful implementation of the UNEP recommendations. It shows the necessity for Shell to act as a corporate citizen, as the actions conducted by the Nigerian government without support from Shell have failed. Through this understanding, the Ogoni population and their environment is dependent on help from Shell. Viewed through the lens of corporate citizenship, it is clearly the responsibility of Shell to take social and environmental action in Ogoniland. Shell’s actions in regards to implementing emergency measure ahead of government can reflect that Shell realizes the inadequacies of the Nigerian government and the role and responsibility the company has in Ogoniland.

Collaboration between a local government and Shell actually led to actions that made a difference to the Ogoni people, but only the community of Eleme received water taps and warning signs. It can be argued that If Shell was really to live up to their responsibilities, they should have provided water taps to all Ogoni communities, as they have realized the governmental incapacity to do so. Considering the fact that oil operations are the main reason for the lack of clean water in Ogoniland, as streams and rivers have been polluted, Shell has the responsibility to ensure clean water supply. If Shell’s incitement is purely PR it may explain why Shell has only provided help to some of the areas. The actions have ensured the company a few positive stories to send out to the public, which may be enough to ensure an acceptable public view of the company.

Looking into their concrete actions, it seems that Shell has mainly funded the projects and checked-up on the implementation process while the local and state government did the rest. This suggests that Shell acted as the watch-dog a government normally would be. They arguably did so to insure the success of their investments in the projects. It can be argued that if Shell where to have enough incitement to restore Ogoniland, the company should be appointed a larger role in acting as watch-dog for on ground implementation of the UNEP recommendations. The federal government seems unable to do so themselves and Shell’s initiatives have been a success.

#### The actions of the local community

The investigation showed that the local community did not fulfill the recommendation appointed to them, as they embarked on protests and shut down oil activities in Ogoniland. They did this, even though they said they would uphold their end of the UNEP recommendations. However, it can be understood that protests are the only reaction opportunity that the local community has in order to be heard. The investigation shows that the local community was not invited to take part in the process of finding a solution for Ogoniland, not by the government and not by Shell. Indeed, MOSOP’s president explains that they have made numerous attempts to communicate with the government. Furthermore, they have no money or technology to restore the environment themselves, so when the government and Shell do not contribute their part to the restoration of Ogoniland it seems the Ogonis have no other option, but to protest.

It can be argued that this ‘solution’ of protesting is deeply rooted in the culture of the local community. The MOSOP activist, who remembers the time in Ogoniland before Shell and has seen the effects of Shell’s presence, explains that there have been protests ever since he was in primary school. In addition, the fact that their actions led to international attention and an evaluation conducted by UNEP has taught them that it works. This is their channel to recognition and to being heard. It can be argued that the fact that UNEP heard their cries, revitalizes the communities to protest, rather than put them at ease.

##### Local community and political influence

It is clear that the governmental system that regulates and has responsibility for the environment in Ogoniland is large and complex. Indeed, the only level of government that does not have any official role in managing the environment or regulating the oil industry is the local governments. What was shown in the first part of the analysis is that the greatest change and difference made in Ogoniland since the release of the UNEP report was conducted by the local government in Eleme in collaboration with Shell. This correlates with the Ogonis’ perception of the local government being better equipped and having a stronger incitement to create real changes in Ogoniland. They argue that the local governments live in and experience the repercussions of the degenerated environment, which gives them more understanding of the actions that are needed.

In addition, the MOSOP president argues that the challenges in Ogoniland are not only a question of cleaning up the oil pollution, as focused on in the UNEP report. As described in the Ogoni Bill of Rights, MOSOP seeks political autonomy for the Ogoni people. However, the federal government is not interested in providing the local government or the Ogoni people with more power or a stronger mandate to restore Ogoniland. It has been the direct request from the Ogoni people, since they presented the Ogoni Bill of Rights in 1991, but their request has not been met yet. It can be argued that the government is not willing to give up control of power because, as seen in the historical section, being part of the government creates a source of fortune through embezzlement. In addition, if the federal government were to give the Ogonis more self-government, it might set a precedent, so that other restive movements in Nigeria might feel emboldened in demanding the same.

According to Collier, rebels, who MOSOP can be understood as being, are often motivated by the desire to capture control of the rent money coming from oil. Therefore, giving the Ogonis more control over the rent money could create an Ogoni elite that would also embezzle. Thus the economic agenda would come before securing a successful political agenda. If this is true, giving the Ogoni people full control of the region would not lead to a successful restoration of Ogoniland. However, giving the local government a mandate, financial backing from Shell and having Shell as a watch-dog may, as seen in the case in Eleme, could have a prosperous effect. This could also strengthen the government’s accountability to the local community. First of all, the local governments collect taxes, thus is actually dependent on the taxation from the population. According to Collier, this is a primary need in order to establish a functioning democracy. Second of all, because the local governments live in and work in Ogoniland, the local community will be able to communicate with the local community rather than have to use demonstrations or rebel acts.

#### Social – A vicious circle of distrust

##### Cause of and responsibility for the pollution in Ogoniland

A central issue in regards to creating trust amongst the stakeholders is the fact that they disagree on the causes and the responsibility of the oil pollution. From the perspective of Shell, the main source (92 per cent) of pollution in Ogoniland from 2009-13 is oil theft, sabotage and illegal refining conducted by people from the local community. The local communities argue that the pollution is due to oil spills and lack of remediation. The locals say that when oil spills occur, Shell sends policemen to arrest local people, accusing them of sabotage, which they claim to be innocent of.

On their webpage, Shell also places the responsibility of how to stop the continuous pollution on to the local community. Shell argues that the local communities should take a stand against the guilty people. The local communities on the other hand argue that the oil spills happen due to Shell’s facilities, and that they and the government are the responsible parties for changing the current issues and cleaning up Ogoniland. UNEP’s recommendations focus on Shell and the government’s responsibility for cleaning up the lands. Furthermore, UNEP emphasizes information campaigns that should be orchestrated by Shell and the government, informing the local people of the damaging effects sabotage has on their environment.

This shows the inconsistencies amongst the stakeholders. They disagree on the very central area of who is to blame for the pollution and who has the responsibility for changing the current conditions.

A local Ogoni gives an account that emphasizes another reason for the locals to have trust issues with Shell and the government. He was arrested and tortured by the military. The only questions he was asked concerned why the Ogonis where disturbing Shell operations. In 2000, Shell admitted to paying the military, and that the two parties shared intelligence about the local communities. From the perception of the Ogoni people, the exchanged information was false and gave the military an excuse to kill and rape in Ogoniland. From this account it seems that the military not only does the bidding of the government, but also that of Shell.

This is also why UNEP argues that the recommendations are not just a clean-up exercise. In order to fully restore the environment and foster sustainable development, the main stakeholders must have trust in each other. Following the preliminary recommendations is therefore also about fostering trust. However, the analysis shows that the main stakeholders have not implemented the recommendations of UNEP. The fact that the government went against the recommendations and created HYPREP under FMPR did not just cause a dysfunctional agency, which was not able to restore the environment, it also further aggravated distrust from the local community. The same goes for Shell as the company did not implement a new remediation management system but only revised RENA. No matter if Shell’s standards are now up to international standards, the local community is aware that Shell kept RENA, which was assessed as lacking by UNEP, and which has caused Ogoniland to be more severely polluted, than if Shell had used a better system. Indeed, the NGOs have picked up on this, and in both of the reports they bring this issue forward. It can be argued that Shell’s action has aggravated the situation, as they chose not to fully follow the UNEPs recommendation. When the local community saw none of the recommendations fulfilled by Shell or the government it led them to protest. This in turn aggravated distrust from Shell and the government and only confirmed them in their accusations toward the local communities. It seems to be a vicious circle, creating ever more distrust amongst the stakeholders. To sum up, the process of attempting to follow the UNEP recommendations has not created more trust amongst the stakeholders.

#### Economic and technological stakeholder interests

##### Shell’s economic interest

Shell says that they are committed to the global compact principles. Therefore, the company further explains that they are committed to combating corruption. However, the fact that Shell the empirical evidence shows that pays and shares intelligence with the military and has employees in all levels of government arguably means that the company contributes to Nigeria’s corruption issues.

Taking the case of Ogoniland into consideration, Shell has a financial incitement in the governmental recommendations not being met. As long as the government has not ensured a trustworthy Ogoniland Environmental Restoration Fund (OERF) lead by a well-functioning Ogoniland Environmental Restoration Authority (OERA), Shell does not have to pay their part. Even more, UNEP assesses that the first USD1 billion is merely the preliminary costs, the final costs will be much higher. Therefore, even though Shell is part of the global compact and has a transparency policy, they may have an interest in and contributed to continued dysfunction and corruption in the government.

##### The opposing economic interests of government and local community

Shell argues that they have a positive effect on economic growth in Nigeria and Nigeria’s GDP is the highest in Africa. However, the GDP per capita still places Nigeria as 121th in the world and 61 per cent remain beneath the poverty line. Collier argues that even though we have seen a decrease in the overall number of people living beneath the poverty line the poorest, bottom billion, are kept in different traps. In Nigeria, it can be argued that the poorest are kept in the natural resource trap, as the oil revenues does not trickle down the system to benefit all part of the Nigerian population.

The fact that Nigeria’s growth in GDP does not contribute to all parts of the Nigerian population partially stems from the corruption issues in Nigeria. Dr. Ezekwesili backs this up by explaining that corruption and bad governance in Nigeria results in 80 per cent of oil revenues ending up in the pockets of only one per cent of the population. Indeed, the corruption perception index places Nigeria as one of the most corrupt countries in the world.

NNPC holds 80 % of Shell’s shares, indicating that the country receives 80 % of Shell’s profits from their oil operations in Nigeria. In 2011, the total oil revenues amounted to USD50.3 billion and constituted 70 per cent of the government revenues. Looking at the horrible condition of the population in Ogoniland and indeed 61 % of the population, it seems clear that these oil revenues do not trickle down the governmental system. According to Collier, resource rents undermine the normal functioning of democracies. Collier explains that a main issue is that governments use the rent money to remain in power by means of patronage – by public employment to supporters and through direct vote-buying. Patronage reduces the accountability of government to the public, because they do not, in the same extent, depend on their votes. Collier also argues that oil revenues hinder the necessity incitement to create a functioning tax system with checks and balances. The elites embezzle the oil rent and thus have personal gain from dysfunctional institutions that cannot be scrutinized.

The government, not being dependent on taxation from their population, is however very dependent on the MNCs and their oil revenues. With greater globalization, MNCs and Shell can cut their losses and turn to another country, if the costs and complications in Nigeria become too comprehensive. The government is thus in a fix to ensure the best possible conditions for Shell and is thus more interested in fulfilling Shell’s needs than their own population’s.

##### The opposing economic interests of Shell and the local community

It can be argued that Shell is not accountable to the local community either, as companies usually are. The reason is that Shell is not financially dependent on the local communities in Ogoniland, since the population doesn’t buy Shell’s product. This makes it less necessary for Shell to meet the needs of the population, as the population’s opinion of Shell do not directly affect their income. Present day stakeholder theory would argue that Shell needs to consider their part in the society rather than their direct financial benefits. Because the issues that follows in not meeting the needs of the population do have repercussions for Shell. The fact is that Shell loses money by not being able to operate in Ogoniland. Another financial incitement is the fact that the Ogonis’ protests lead to international attention, which in turn has a negative impact on the perception of Shell. Stakeholder theory would argue that instead of remedying the issues arising, it is in the company’s best interest to construct the company in a manner that takes care of issues before they arise. This includes ensuring the welfare of the people and environment in Ogoniland.

However, it can be argued that in order for the company to have enough incentive to ensure the people and the environment in Ogoniland, it needs to have an interest in restarting its operations in the area. Shell faces large difficulties in the event of restarting their operations in Ogoniland: its facilities in Ogoniland are mostly dysfunctional; the population is hostile and engages in illegal oil-activities against Shell; UNEP argues among many other recommendations that Ogoniland should be declared a Ramsar site, if oil operations are to restart. Restarting oil operations in Ogoniland may be too big of a challenge for Shell and the complications and cost may outweigh the income opportunities. In fact, Shell has found another way to extract oil in Nigeria, as the company is currently working on their off-shore operations, far away from the local communities’ protests, theft and sabotage. If Shell is not to recommence their operations in Ogoniland, their incentive to create a harmonious relationship with the local communities and remedy the environment may be very little.

Outside ‘encouragement’ may be necessary for Shell to have incitement to restore Ogoniland. One way to do that was shown very recently, when 15000 Ogoni people from Bodo won a case insuring them USD83 million. This money was paid as compensation for only three spills, but as one of the locals commented: what about the other spills? This court case may create precedence for the local community to be able to sue Shell for other spills. This would arguably be such an expensive affair that Shell suddenly is better off trying to remedy the environment beforehand.

# Conclusion

The focus of this project is on how the historical and structural interaction between a country’s government, a large MNC and the local community can impact the country’s ability to ensure sustainable development. A case study has been conducted on how this interaction impacts the restoration opportunities of the degenerated environment in Ogoniland, Nigeria.

The problem formulation that has been answered is:*“Why is Ogoniland’s environment still polluted when Shell provides oil revenues that can be used to restore the area and secure sustainable development?”*

The first hypothesis is confirmed, as *Nigeria’s history reveals a structure of dependency to the West and institutional incapacity.* Nigeria was colonized by the British Empire, during which period Shell started operating in the country. Economic activity was left to commercial companies and Nigeria’s legislation concerning petroleum resources was limited, which created an easy access to Nigeria’s natural resources for Shell. Shell further had the advantage of having the technology required to explore and develop petroleum resources. The investigation shows that even though the federal government of Nigeria has now gained a greater amount of shares in Shell (SPDC) and receives oil revenues from Shell, Shell still has the advantage of being able to develop the petroleum resources - leaving Nigeria dependent on Shell.

As oil was found in Nigeria straight after the colonial period, with a lacking institutional system, has led the country into a trap. It is seen that since the oil revenues started pouring in, particularly since the early seventies, Nigeria’s government has become more dependent on the natural resource revenues than on the taxation of the population. The dependency on Shell’s revenues inclines the government to ensure the best possible conditions for Shell’s operations, more so than restoring the environment and listening to their restive population.

To test the hypothesis “*The stakeholders in Ogoniland: the Government, Shell and the local communities have counteracting interests that create problems for the restoration of the environment in Ogoniland”,* it has been investigated to what extent the stakeholders have fulfilled their recommendations and which different interests that counter a successful restoration of Ogoniland. Shell’s fulfillment of the recommendations was seen from the perspective of a corporate citizen, and the hypothesis was: S*hell does not live up to the responsibility of a corporate citizen*.

It seems that none of the recommendations given to the government, Shell or the local community has been completed. Even though the government did establish an agency as recommended by UNEP, it was not the same agency as recommended by UNEP, and it was placed under FMPR rather than under FME. It closed down in 2013. Concerning the emergency measures. Signs were seen sporadically around Ogoniland, however, indeed not at all contaminated water sources, as recommended by UNEP. Only small plastic and iron water tanks were seen in some areas, but these seemed to have never been used. Shell has not finished any of the recommendations appointed to them. However, Shell in collaboration with the local government in Eleme and Rivers State government did succeed in providing water taps and signs. However, only Eleme has seen any positive impact, while the rest of the communities in Ogoniland have not. In addition, it is only the water taps that has made any real difference, because without a functioning non-polluted water supply, the signs (and the recommended awareness campaign about the repercussions of drinking and bathing in polluted waters) have no effect. Due to the missing actions from government and Shell, the local communities protested, thus not fulfilling the recommendation to them.

The missing actions in regards to the restoration of the environment in Ogoniland are problematized by the counter-acting interests of the stakeholders and Shell does not live up to the expectations of a corporate citizen. The hypotheses are therefore to a large extent confirmed.

The governmental dependency on Shell means that the company’s willingness to act to restore the environment in Ogoniland is essential for success. Unfortunately, Shell’s actions do not reflect their claim to be a corporate citizen. First of all, the company did not finish their part of the recommendations; they are far from being completed. Second of all, Shell says they are committed to sustainable development and is working on a biodiversity plan with IUCN. However, when IUCN, like UNEP, assessed the revised RENA to be too slow and insufficient, Shell disregarded the advice and kept using RENA. Shell further argues that they have a transparency policy and they are committed to combating all forms of corruption. The investigation shows that Shell pays and shares intelligence with the military and has employees in all levels of government. The investigation further shows that Shell with other oil companies may have misused its influence in Nigeria’s governmental system and impacted the government’s decision in placing HYPREP under FMPR. As long as the government has not completed their recommendations, Shell can and does use the government as an excuse as to why Shell cannot act further in regards to the recommendations. Without a well-established OERA and trustworthy OERF, Shell does not have to pay their part (the first USD1 billion is merely the preliminary costs, the final costs will be much higher). Therefore, Shell seems to have an economic interest in and contribute to continued dysfunction and corruption in the government.

Shell is however, not interested in gaining any more negative attention over the ‘Ogoni issue’. Shell therefore implemented some of the emergency measures in Eleme, thereby ensuring some positive stories for PR purposes.

In order for Shell to fulfill their part of the recommendations they need to have enough incentive to do so. One reason could be the fact that the Bodo community won a court case in British court. This may create precedence and empower the communities in Ogoniland, and indeed in all of the Niger Delta Region, to sue Shell for other spills. The treat of more law suits may create the necessary economic incitement for Shell to restore Ogoniland.

It seems that a central issue in restoring Ogoniland is the fact that the government does not function as the much needed watch-dog over Shell. Shell however proved a capable watch-dog over the local government in the case of Eleme, when they had money invested in the projects carried out by the local government. Giving more control to the local government and giving them a mandate to restore Ogoniland might, if they collaborate with Shell, create positive effects on the environment in Ogoniland. This correlates with the interests of the local community, who do not just strive for environmental restoration but also more political control and autonomy. However, it is not in the government’s interest to grant them more control. Loss of control of Ogoniland means loss of revenues and thus embezzlement opportunities. Moreover, empowering the Ogoni people may embolden other restive movements to demand the same. On another note, some Ogonis may have an incitement to gain more political influence just in order to gain more control of oil revenues; creating an Ogoni elite, who can embezzle themselves. It is seen that even if Shell’s incentive for restoring Ogoniland should be firmed through law suits, the government’s and the local communities’ interests are still not reconcilable.

To finalize, it seems that instead of creating more trust, UNEP’s recommendations have caused a vicious circle of distrust.

The case study leads to some generalities for further re-testing. Having a dominant MNC in a country with large amounts of natural resources seems to be a two-edged sword. The company has the capacity to make positive changes in the country, potentially leading the country to a path of sustainable development. However, when the country has a corrupt government, dependent on and embezzling oil revenues, no watch-dog exists to ensure the local communities and the environment. The MNCs does not police themselves and if they lack the economic incentive, or are not pressured otherwise, they are not compelled to make the much needed positive change for the local communities and secure sustainable development.

# Perspectives

Shell’s operations are worldwide and the company is currently exploring for new petroleum resources. In 2005, Shell purchased the rig ‘The hull of the Kulluk’, that was meant to explore for oil in the Arctic – ‘the last great energy opportunity’. The previous year Shell had been engulfed in a scandal, as Shell had overstated its proved reserves by 22 per cent. This resulted in a 10 per cent stock price drop overnight and a fine of USD150 million. The purchase of the rig was a way to show investors that Shell’s long-term future was secured (FUNK 2014). By 2012, Shell became the largest company in the world[[14]](#footnote-14). The company spent USD6 billion on preparations for the exploration in Arctic Alaska. The area is so remote and hostile that: *“Shell was trying the logistical equivalent of a mission to the moon”.* In March 2012, the Obama administration approved Shell’s exploratory drilling. The operation took a dramatic turn, as The Kulluk came into heavy weather. The Kulluk’s towing line to the icebreaking anchor-handling tug parted, resulting in The Kulluk drifting aground. The Kulluk was ruined to such an extent that Shell had to scrap the unit (FUNK 2014).



Picture 4 LEGO stop playing with Shell (Greenpeace)

Shell’s operations, posing a threat to the environment in the Arctic, did not go unnoticed. Greenpeace argued that Shell’s catastrophic exploration failure in 2012 proved them technologically incapable of securing that no spills or other facility malfunctions will occur. Greenpeace tried to fight Shell from every direction; law suits, protests and several petitions, but nothing stopped Shell. Greenpeace then put enormous pressure on LEGO, by campaigning and petitioning, to have LEGO cancel their co-promotion contract with Shell. Finally, on 9 October 2014, LEGO published a statement where they committed to *“not renew the co-promotion contract with Shell”* (Booth 2014)*.* Ian Duff, Arctic campaigner at Greenpeace, states: *"This is a major blow to Shell. It desperately needs partners like LEGO to help give it respectability and repair the major brand damage it suffered after its last Arctic misadventure. Lego's withdrawal from a 50 year relationship with Shell clearly shows that strategy will not work."* (Booth 2014)*.*

Shell arguably lost legitimacy, as it became known worldwide that LEGO would no longer be associated with Shell. Despite the intensive action from Greenpeace, Shell plans to resume drilling in the Arctic by summer 2015 (Booth 2014).Shell is under massive time pressure to resume exploration. The company has invested enormous amounts of money in the Arctic resources and their Arctic leases will soon expire, the first ones already in 2017(FUNK 2014).

Freeman argues that companies are becoming increasingly more aware of external stakeholders and social and environmental issues, rather than just aiming to please the shareholders and creating economic wealth. However,oweH the actions of Shell in Ogoniland and the Arctic show a company that is mainly driven by the economic incitement and is interested in and dependent on ensuring their shareholders. The fact that Shell is one of the largest corporations in the world, operating with petroleum resources with so potentially damaging impact on the environment, makes this fact ever more disturbing.

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1. A global agreement that commits businesses and corporations to ten universally accepted principles (UN, UN Post-2015 Development Agenda 2015). [↑](#footnote-ref-1)
2. Robert K. Yin (born 1941): an American social scientist (Wikipeidia 2015). [↑](#footnote-ref-2)
3. Paul Collier is a Professor of Economics and Public Policy at the Blavatnik School of Government, University of Oxford (Collier 2015). [↑](#footnote-ref-3)
4. Donna Wood works at University of Northern Iowa, Department of management and holds a PhD in Sociology (UniBusiness 2015). [↑](#footnote-ref-4)
5. Austria-Hungary, Belgium, Denmark, France, Germany, Great Britain, Italy, the Netherlands, Portugal, Russia, Spain, Sweden-Norway, Turkey, and the United States of America. [↑](#footnote-ref-5)
6. The Corruption Perception Index ranks the perception of how corrupt countries’ public sector is. The countries are ranked from 0 (Highly corrupt) to 100 (very clean). [↑](#footnote-ref-6)
7. *“The Convention on Wetlands, called the Ramsar Convention, is an intergovernmental treaty that provides the framework for national action and international cooperation for the conservation and wise use of wetlands and their resources.”* (Ramsar 2015)*.* [↑](#footnote-ref-7)
8. More precisely, *“SPDC is the operator of a joint venture between the government-owned Nigerian National Petroleum Corporation – NNPC (55%), SPDC (30%), Total E&P Nigeria Limited (10%) and Nigerian Agip Oil Company (5%)”* (Shell, Frequently Asked Questions 2015). [↑](#footnote-ref-8)
9. *“The Tide Newspaper is one of the Nigerian dailies published by Rivers State Newspaper Corporation. It commenced production on December 1, 1971.”* (TheTide 2015)*.* [↑](#footnote-ref-9)
10. Visited communities include: Kpean, Teere-Ue, Ewee and Bane (Fyneface og Akhigbe 2014, 18) [↑](#footnote-ref-10)
11. Visited communities include: Bunu, Korokoro, Kpite and Horo (Fyneface og Akhigbe 2014, 18) [↑](#footnote-ref-11)
12. Visited community include: Nisisioken Ogale (Fyneface og Akhigbe 2014, 18) [↑](#footnote-ref-12)
13. Visited communities include: Bodo City, Goi, B-Dere, K-Dere, Deken and Lewe (Fyneface og Akhigbe 2014, 19) [↑](#footnote-ref-13)
14. *“It had $467.2 billion in revenue and 87,000 employees in more than 70 countries.”* (FUNK 2014)*.* [↑](#footnote-ref-14)