



Dear Supporter

This news and analysis summary examines events from the past month in Nigeria affecting the Niger Delta. It is based on local news reporting and direct observations in the region. We hope that the information provided in this summary is useful to readers as a guide to further inquiry.

## Conflict, Security and Violence

### Ceasefire continues

Payments to militants to keep the peace continued and there were even some relatively successful creative efforts, such as involving disbanded youths in extended state-sponsored Christmas festivities. However

there were few fresh developments in December as most government attention was consumed by the jostling for political position in Abuja that surrounded President Y'Adua's extended absence.

There were no moves with longer term potential other than the announcement of a fresh set of committees to manage the amnesty. A claimed warning strike by MEND (with a threat to resume attacks in February) acted as a reminder that the substantial work to prevent violence is still ahead.

- Ceasefire continues but little further action on Amnesty
- Oil production creeps upwards as relative calm continues
- Reports that Shell may seek to sell onshore operations

### Oil production creeps upwards

The relative calm has given oil companies sufficient confidence to re-open oil fields, including some such as Shell's shallow offshore EA field that has been closed for around 3 years. Government officials are claiming November production of 2 million barrels per day. This is a significant improvement on the 1.6 million barrels per day that is the most credible low point for 2009, but obviously still well short of recognised capacity of at least 2.8 million barrels per day.

### Shell 'assets sale'

Reports in the UK media over Christmas that Shell may sell onshore 'assets' to Chinese oil companies met with immediate controversy. Nigerian government officials contested whether Shell was entitled to make such a move. All the areas mentioned are subject to both joint ventures with the government and licenses to operate that are presently due for renewal. Shell has not made any comment on the reports but they are consistent with known pessimism in the company about the viability of onshore operations.

Whatever the substance of Shell's repositioning, accounts of withdrawals being considered by the major oil companies (from inshore areas at least) have been circulating persistently for some time. The corporate pessimism about the Niger Delta emphasises the depth of problems and the failure of both government and oil company interventions to date. A failure by government to follow up on the amnesty could well lead to a situation where decisions to withdraw or reduce exposure are consolidated. This would increase the prospect of Nigeria facing challenges in even maintaining

its present level of oil production, not to speak of its ambitions of securing significant increases.

## Governance and Transparency

### Presidential vacuum

President Y'Adua was taken to hospital in Saudi Arabia on November 23rd and there has been no public appearance or statement from him since that date. The management of his departure left Vice President Goodluck Jonathan without a clear mandate to act in his absence. The consequent inertia and confusion has continued throughout December.

- Power tussles over Presidency continue  
- State and Federal budgets undermine governance credibility

Credible sources expect the President to step down, but as there are continuous struggles over succession it is possible this process could be delayed or even blocked as long as the President's tenuous health can be maintained. The blatant disregard for the constitutional role of the Vice President underlines the continuing risk that reckless competition between political elites could still cause significant fractures between the North and South of the country.

Fuelling the political contest is the virtual certainty that President Y'Adua will be unable to credibly stand for election in 2011. Almost all of the present manoeuvring is centred on securing the inside running for this next term in office. Some of the power brokers that have emerged are disturbing, including former Delta State Governor James Ibori whose immediate associates are still on trial for money laundering on his behalf in the United Kingdom.

International actors who are interested in progress in both the Niger Delta and the country as a whole would do well to stress the points made in address by former US Ambassador Jonathan Lyman who said, "Political elites – perhaps bruised by Nigeria's addition to terror watch lists – should be advised how vital genuine reform is to the prospects of their own privileged positions being maintained."

### Budget Excesses

Despite pledges to improve transparency and prioritise poverty both State and Federal Governments continue to treat their expenditure and budgets as privileged information. Those details that are released provide reason for deeper questions. The Rivers State Government is reported to be budgeting 22 Billion Naira (\$137m) for 'sports' – more than the reported capital investment in health. Both Federal and State Governments continue with extraordinarily generous allocations – the latest example being proposals to pay former Presidents over \$1.5 million per year. These levels of excess demands that all actors raise specific questions about the intent of government and that far broader support is given to demands for transparency over both budgets and actual expenditure.

## Sustainable Development and Environment

### Alternatives for urban renewal

A new report from urban development specialists at the Max Lock Centre (University of Westminster) gives further reason for concern over Rivers State's plan for sweeping demolitions of slum housing. However the report also offers some significant hope, with a clear description of alternative approaches that would allow for

- New report warns up to 500,000 could be displaced by Port Harcourt demolitions

genuine urban renewal. Options for infill housing could re-house low income residents in much better conditions without undue cost to the state government. The report also sets a precedent for gathering credible data on the communities in the waterfront areas that could paint a far clearer picture of their situation and how they fit into the urban economy.

The scale of the issue - and its potential impact – remains obvious. We would urge actors to use the content of the report to focus any opportunity for discussion on positive possibilities. If well developed, ideas from the report could support a renewal of southern Port Harcourt that would greatly exceed expectations and provide a much needed economic and social boost.

[>> Download the report on Housing Options for Port Harcourt](#) (pdf 4mb)

Stakeholder Democracy Network.

© 2010. All rights reserved.

All the views expressed here are those of SDN or the respective authors.

SDN, International Secretariat, Development House, 56 – 64 Leonard Street, London EC2A 4JX, UK.

+44 (0) 207 0650 845