



REPORT ON  
**STAKEHOLDERS  
ENGAGEMENT**

**"THE COST OF  
CORRUPTION IN THE  
EXTRACTIVE INDUSTRY"**

 **Ibru Center, Agbarha-otor,  
Delta State**



**22ND OF  
MARCH, 2023**

# **STAKEHOLDER'S ENGAGEMENT ON THE COST OF CORRUPTION IN THE EXTRACTIVE INDUSTRY**

## **INTRODUCTION**

This report documents the outcome of the Stakeholders Engagement on The Cost of Corruption in the Extractive Industries in the Niger Delta. The program held on the 22<sup>nd</sup> of March 2023 at Ibru Center, Agbarha-Otor, Delta State.

In this edition we engaged stakeholders from Agbarha-Otor Kingdom. The engagement was based on sensitization, knowledge sharing and action planning session which was organized by Community Development Advocacy Foundation (CODAF) and BudgIT.

Through the engagement, we were able to educate host communities on the issues that limit benefit transfer schemes from the extractive industries to the beneficial owner. The workshop that was held with the communities was confirmed to have enhanced the understanding of the members of host communities on the level of corruption in the extractive industries, how State Capture has affected development in the communities and how contract transparency can mitigate against the issues around the extractive industry.

## **DEMOGRAPHY OF PARTICIPANTS**

The program had a total of 50 people in attendance, which consisted of 32 males and 18 females. The participants represented were the President General, Women Leaders, Youth Leaders and Representatives of the Traditional Rulers.

The community leaders represented stakeholders from Owevwe, Opherin, Saniko, Gana, Omavovwe and Awirhe communities in Delta State.

## **OUR INTERVENTION**

The program started at 11am with an opening prayer from a community representative, **Omonigho Atarhe Alere**. The Executive Director of CODAf, **Richard Benin** opened the floor with an introduction of the CODAF team, followed by an introduction of the stakeholders present. He also briefed participants on the aim of the meeting and what is expected at the end.

## **EXPERIENCE SHARING**

The first discussions were Experience Sharing from some of the participants. They spoke strongly against the oil and gas industries and the development in their various communities, despite the years of oil exploration activities.

- **Ejenavi Godwin (Male)** complained that the development in their community cannot be compared to what the oil companies gain from them. He stressed that the Christmas bonus of 10 bags of rice given to his community was reduced to 8 bags even with the increase in population of the community. He also revealed that a committee under the title, Community Development Board (CDB) is to be blamed for the conflicts within the community. According to him, this board was set up to represent the interests of the people, but regrettably, members of this board are only concerned about themselves and their cronies. When contracts are being awarded, members of the board will suggest and approve who the contractor should be and get kickbacks from these contractors. Thus, the project, upon completion will not meet the standard for which the contract was awarded.

- **Omonigho Atarhe Alere (Male)** mentioned that the oil companies in their community prefer to employ people from other states at the expense of the graduates they have in their community, despite the damages the oil exploration has caused their community. He complained that the companies do not care about the spills in their communities but rather use military power to intimidate the people without any development. He also pointed out that the establishment of the CDB has made the oil companies to ignore the community entirely.

- **Ufuoma Aforeya (Female)** said the community has not achieved anything from the oil companies. She cited examples of some communities in Rivers State where women are employed as cleaners or for other menial jobs to assist the women, adding that there are no such employment or incentives for women in the host communities. She also stated that the oil companies are supposed to provide good roads for host communities.

## **What CODAF told the targeted audience**

Based on the people's outcry, CODAF did a sensitization session for the community where they were educated on two major topics relevant to their testimonies.

The first presentation was delivered by **Elvira Jordan** who spoke on “**Protecting Beneficial Owners against Corruption in the Extractive Industry**”. She spoke to the participants on some of the benefits that host communities are entitled to, based on the 13% derivation plan by the Niger Delta Development Commission and the Petroleum Industry Act, adding that corruption in the form of State Capture is one factor that fights against development in host communities, despite oil exploration activities. She however pointed out that one way to protect beneficial owners against

such corruption is by embracing Contract Transparency and Open Contracting Systems, to monitor project procurement processes that involve host communities.

This session was followed by questions from the audience, which was duly responded to by the facilitators.

The second presentation was delivered by Fred Nohwo who spoke on “**The Cost of Corruption in The Extractive Industry**”. He stressed on the Dynamic impact and the circular flow of corruption from the people-to the leaders-to the people. He also highlighted the macroeconomic impact of corruption that the companies and the people tend to ignore. He further emphasized on the internal factors that promotes corruption within the community, pointing out that corruption has been allowed to thrive because the people have allowed it. He added that as long as the people keep mute to the corrupt practices around them due to personal gains, the communities will suffer the effects of corruption, which plays out as the high level of under development experienced today.

This session was also followed by questions and contributions from the participants, which led to more experience sharing among the facilitators and the participants.

### **RECOMMENDATIONS MADE BY PARTICIPANTS**

At the end of the conversations and presentations, the community representatives came up with a 5-point recommendation/demand for the government and extractive industries:

1. A copy of the Petroleum Industry Act should be made available in all the Primary and Secondary Schools in the Niger Delta for easy access to information.
2. Oil Companies should vet their procurement processes properly in order to eliminate the unnecessary awarding of contracts to anonymous/ non-existent companies that belong to corrupt leaders.
3. The Oil companies should eliminate intermediary bodies like the Community Development Board, and interface with the community leaders directly.
4. Oil Companies should have employment slots for indigenes of host companies.
5. Oil companies should have periodic meetings with the representatives of the community.

The program ended by 2:30pm with refreshments and closing prayers.

## **ACHIEVEMENTS**

- Participants were fully enlightened on Corruption within and outside the extractive industry, and how the common people and the elites contribute to the corruption that ends up shortchanging the society.
- The experience sharing section of the program gave us in-depth knowledge of the concerns of the community representatives and their grievances towards the oil multinationals operating in their communities, as well as the political representatives of the communities who have been put in charge of benefit transfer schemes.
- The participants were intimated on actions and steps that can be taken to hold the extractive industries and contracting companies accountable for their business and developmental activities as it concerns the various communities. This action plan also involves the coalition of likeminded community members who are concerned about the welfare of their people, to join forces as a team that checkmates the procurement bids and developmental projects. The action plan also looked at engaging CSOs, The Media and Legal practitioners in their fight against corruption in the extractive industry.

## **OBSERVATIONS FROM CODAF**

The community representatives complained about a certain Community Development Board that has been charged with the responsibility of interfacing with the oil multinationals on behalf of the host communities.

According to our observation from the testimonies of the participants, this board has shortchanged the developmental projects and benefits that the oil multinationals have allocated to these communities.

We recommend that if this Board is not captured in the Petroleum Industry Act, it should be expunged totally, so the oil companies can interface with the community leaders directly.



# PHOTO COLLAGE

## FACILITATORS/CODAF TEAM





# CROSS SECTION OF PARTICIPANTS









# INTERVIEW SECTION WITH REPORTERS

