Illicit Financial Flow & Gas Flaring as Albatross to Nigeria's Climate Change Response:

Recommendations for Transition to Clean Energy

Being Report of Experts and stakeholders Workshop to Build Momentum towards COP 26

Organised by Human and Environmental Development Agenda (HEDA Resource Centre) In Collaboration With Re:Common, Cornerhouse, Centre for Democracy and Development and Fossil Fuel Non-Proliferation Treaty Initiative

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CAMPAIGN FOR RECOVERY OF STOLEN ASSETS, ACTION ON OPL 245, ENDING GAS FLARING AND TRANSITION TO CLEAN ENERGY IN NIGERIA

ORGANISED BY THE HUMAN AND ENVIRONMENTAL DEVELOPMENT AGENDA (HEDA RESOURCE CENTRE)

IN PARTNERSHIP WITH:
As the world once again gather, this time in Glasgow, Scotland, for the 26th Conference of Parties (COP 26), the UN Climate Change Conference which holds from November 1 to November 12, 2021, the African continent and indeed Nigeria needs a more strategic approach to make the best of the conference if it indeed will survive its climate change challenges. Put in the words of US climate envoy, John Kerry, this conference is “the last best chance the world has to come together in order to do the things we need to do to avoid the worst consequences of the climate crisis”.

There are various tragic dimensions to Africa's climate change phenomenon: historically and by the current per capita distribution, Africa is the least contributor to climate change; yet, Africa remains the theatre of climate change effects in terms of droughts, flooding, erosion, etc; the continent is the least able to cope with the reality of climate change and the most vulnerable given its economic and resilience situations.

Although, no region of the world will be entirely spared by climate change, the negative impacts are likely to fall most heavily on nations in the tropical regions, even though historically the peoples of these regions are not responsible for the rise in global greenhouse gas levels. Despite contributing just 1.1% of global gas emissions, Nigeria will be one of those hardest hit. Indeed, communities throughout Nigeria are already experiencing the consequences of climate change-related drought, desertification, flooding, land degradation, declining freshwater resources, loss of biodiversity, polluted air and crop failures. If action is not taken to curb greenhouse gas emissions, scientists warn that coastal cities such as Lagos and much of the land in the Niger Delta could be lost to storm surges and flooding. Those most at risk are the poorest communities.

Even though it is a problem, climate change also comes with opportunities, but the real business and financing of climate change is not coming to Africa. Rather, the continent loses both its natural resources and the credits it ought to get from it. Yet, developed countries are not providing Africa with the promised support based on the commitments to the Green Climate Fund and the commitment of Annex 1 Countries to Non-Annex 1 Countries.
Rather, some of the developed countries are found aiding Illicit Financial Flow (IFF) out of Africa with billions of dollars belonging to Africa domicile in the developed countries, thereby further robbing the continent of any resource opportunity to tackle climate change. Also, some of these countries are found aiding trading in endangered species such as Rosewood, thereby further robbing the African environment of any opportunity to counter-balance nature.

Yet, with COVID-19 adding to the world pressure, it is not hopeful that the support promised by the developed countries will come to Africa or if at all, in the anticipated quantum. Therefore, Africa needs strategic approaches and exceptional solutions.

President of Nigeria, Muhammadu Buhari, in his inaugural address for his first term as President, recognised the threat of climate change and committed to take action. His government has since signed the Paris Agreement and has committed to measures that, if fully implemented, would reduce Nigeria's greenhouse gas emissions by around 45 per cent by 2030 compared to business as usual. However, not much progress has been made since then.

Rather, statements from the Vice President, Prof. Yemi Osinbajo somewhat contradicts any idea that the Nigeria government would work to reduce greenhouse gas emission. According to him, in the “Foreign Affairs”, an American magazine of international relations and US foreign policy, with the title 'The divestment delusion: Why banning fossil fuel investments would crush Africa,’ banning fossil fuel proliferation would hurt Africa and the Nigerian economy and he rather urged more investment in oil and gas. However, the fears expressed by the Vice President have been thoroughly allayed by experts.

In addressing the challenge of climate change, according to the UN Environmental Programme's Africa Adaptation Gap Report 2013, “the continent already requires adaptation funds in the range of $7-15bn per year by 2020. After that point, the costs are predicted to rise even further, by around 7% per year, due to increased damage from higher warming effects. That means Africa would need $35bn/year by 2050 and $200bn/year by the 2070s.”
The UNCTAD 2020 report, indicated that the total illicit capital flight from Africa amounted to $836 billion while 3.7 percent of the continent's GDP is lost to IFF representing some $88.6 billion annually. This is far above the amount needed to address climate change. This implies that, if Africa is able to recover stolen assets, it will successfully address its climate change challenge without foreign aid.

Experts have argued that, Nigeria stands the chance to make notable gains that the oil may not be able to fetch it if it takes strategic actions on ending gas flaring. Some of the opportunities highlighted include negotiating through COP 26 to keep the oil in the ground and getting international grant of the value of the un-mined oil, a guaranteed income rather than the fluctuating oil income; ending gas flaring and ensuring that International Oil Companies (IOCs) pay their fines for flared gas; and repatriating stolen funds and assets which is estimated to be between $15 to $18 billion annually. If the stolen assets are recovered and opportunities for IFFs are blocked, Nigeria will be able to effectively respond to climate change.

These contrasting positions on such a critical matter therefore form the basis of this workshop. Stakeholders in Nigeria only have agreed that gas flaring and proliferation of fossil fuel pose threat to the global climate and Nigeria in particular, but have differed on solution.

This workshop was organised by the Human and Environmental Development Agenda (HEDA Resource Centre) in collaboration with Re:Common, Conerhouse, Centre for Democracy and Development and the Fossil Fuel Non-Proliferation Treaty Initiative with the support of MacArthur Foundation. This forum is a national roundtable to discuss the Nigeria position and to amplify the issue at home by bringing together key stakeholders from state and non-state actors as well as experts to ignite debates on the issues with a view to ensuring that Nigeria makes the most of COP 26 by negotiating better climate deals for the country on one hand and on the other hand ensuring that the country begin to take serious steps towards tackling climate change as well as inspiring actions towards recovery of illicit assets which can aid Nigeria's climate change response.

INTRODUCTION & BACKGROUND

The UNCTAD 2020 report, indicated that the total illicit capital flight from Africa amounted to $836 billion while 3.7 percent of the continent's GDP is lost to IFF representing some $88.6 billion annually. This is far above the amount needed to address climate change. This implies that, if Africa is able to recover stolen assets, it will successfully address its climate change challenge without foreign aid.

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2.0: Objectives of the workshop

The objectives of the workshop are to:

- Sensitize stakeholders, particularly the state actors, on the opportunities presented Nigeria by COP 26 to negotiate good climate deals.

- Inspire conversations about Nigeria's post-oil economy and opportunities inherent in Assets recovery and ending Illicit Financial Flows.

- Secure further commitments from State actors to ending gas flaring, ensuring payment of flaring fines by IOCs and recovery of illicit wealth.

Level of participation

The hybrid workshop which held on Thursday, 28 October 2021, at Raddison Blu Hotel, GRA, Ikeja, welcomed over 50 participants who attended physically from across Nigeria and abroad, while over 30 others joined via Zoom from different parts of Africa and Europe.

The event which was chaired by Prof. Ayodele Atsenua, Vice Chancellor (Development Services), University of Lagos, Akoka, Lagos, Nigeria was moderated by Ayoola Kazim of Channels Television.

Participants included state actors from Lagos State including the Lagos Resilience Office as well as from the Federal Government including the Economic and Financial Crimes Commission (EFCC) and the Nigeria Extractive Industries Transparency Initiative (NEITI). Others are non-state actors from the Civil Society Organisations (CSOs) and academics. No less than 20 journalists/media organisations participated in the workshop.
There were eight seminal presentations. The opening speech and statement of objectives titled: “How IFFs Escalates Africa’s Vulnerability to Climate Change: Building a Climate Justice Movement for Restitution,” was presented by Mr Sulaimon Arigbabu, Executive Secretary of HEDA Resource Centre. This was followed by an opening remark from the chairperson, Professor Ayodele Atsenuwa, Deputy Vice-Chancellor (Development Services), University of Lagos. These set the ground for the keynote address titled: “How IFFs relate to African Climate Finance” which was delivered by Prof. Patrick Bond of the Department of Sociology, University of Johannesburg, South Africa.

Other presentations included: “The political economy of ending gas flaring, keeping the oil in the ground: challenges and opportunities” by Antonio Tricarico, Director, Re:Common; “Fixing the Broken Tap: Understanding the Size, the Pattern and the Players of Illicit Financial Flows Out of Africa,” by Dr Gbenga Oduntan, Lecturer, University of Kent Law School, UK; “The Fossil Fuel Non-Proliferation Treaty: A review,” by Seble Samuel, Campaign Lead for Global Cities, Fossil-fuel Non-Proliferation Treaty Initiative; “Lagos resilience strategy: plans, policies and governance under review,” by Dr. Folayinka Dania, Lagos State Chief Resilience Officer; and finally a presentation on “Strategies for State Action on Ending Gas Flaring in Nigeria,” presented by Dr. Orji ogbonnaya, Executive Secretary, NEITI, ably represented by Mr Godwin Okpeme.

The presentations were followed by equally seminal interventions, analysis and recommendations from state and non-state actors in attendance including: Mr Muhammad Ghali, CFE, FWC (Zonal Comander, EFCC Lagos Command); Simon Taylor, Co-founder of Global Witness, Italy; Taiwo Otitolaye, Publish What You Pay Campaign, Nigeria; Mfon Gabriel of Policy Alert, Uyo, Akwa Ibom State; Dr Zaccheaus Senbanjo, Executive Director, Confluence of Rights, Nigeria; Celestine Akpobari, National Coordinator, Ogoni Forum; Shola Ogunity; Mr Olanrewaju Suraju, Chairman of HEDA Resource Centre, Dr Chido Onumah of AFRICMIL, Abuja; Mr Debo Adeniran of CACOL among others.
In the course of presentations and the discussions that followed, participants raised the following issues and observed thus:

- Gas flaring and IFF are twin momentum challenge to African countries, therefore, it is incumbent on member states to find alternative yet sustainable sources of funding climate change responses to save Africa from a perilous future.

- Speaking at the 27th Nigeria Economic Summit (NES), Vice President of Nigeria, Prof. Yemi Osinbajo had called on OECD Countries to redeem their $100bn pledge to developing countries to address climate change. While redeeming the pledge is desirable, it is realistically unlikely to happen as expected due to insincerity of many of the developed countries on one hand and the economic pressures brought by COVID-19 on the other.

- Article 3(1) of the United Nations Framework Convention on Climate Change states that Parties should act to protect the climate system on the basis of "common but differentiated responsibilities and respective capabilities", and that developed country Parties should "take the lead" in addressing climate change. The Green Climate Fund (GCF) has set itself a goal of raising $100 billion a year by 2020, which is not an official figure for the size of the Fund itself. As at 3 February 2020, only a total of US$10.3 billion has been pledged and US$8.24 billion confirmed, as part of the Initial Resource Mobilization (IRM) period. This level of insincerity poses even more threat to Africa's climate change situation.

- Rather unfortunately, the developed countries are further crippling the African continent, by enabling IFF from Africa as evident in many research and findings including the UNCTAD 2020 report, which indicated that the total illicit capital flight from Africa amounted to $836 billion while 3.7 percent of the continent's GDP is lost to IFF representing some $88.6 billion.

- According to Ibrahim Jibril, former Minister of State for Environment while presenting Nigeria's progress report on climate change under the Sustainable Development Goals in 2017, it is estimated that Nigeria will require around $142 billion, translating to about $10 billion per annum to meet her NDC target by 2030.

- NEITI and Trust Africa reported that Nigeria loses between $15 billion and $18 billion annually to illicit financial flows. Well over the amount needed to address the country's climate change response.

- Indeed, Nigeria alone has lost up to £220 billion stolen from the people in the past 47 years through sleaze, an amount which is more than the entire European States can give in aid even if they collectively pledge half of their GDPs to aid Africa over the next 50 years.

Source: AllAfrica.com
Diezani Allison-Madueke, former Minister of Petroleum alone allegedly superintendent over the stealing of $20 billion; Sambo Dasuki, former National Security Adviser is standing trial for over $2 billion; Former Minister of Justice's, Mohammed Adoke's OPL 245 supervised deal short-changed the Country by over $1 billion; and it's doubtful if the Country will ever finish recovering Abacha loot. All of these and tens of other billions of dollars stolen from Nigeria and Africa are domiciled in the Annex 1 countries majorly through IFF.

President Buhari in 2019 referred to the P&ID case as “international conspiracy to defraud Nigeria of over $9.6billion.”

Moving to clean energy is desirable but the impunity of IFF aided by many developed countries makes the desirable difficult to achieve. Unfortunately, the longer it takes to recover monies stolen from Africa, the lower the value of the monies and higher Africa’s climate change level of vulnerability.

According to the Minister of Justice, Abubakar Malami, in May 2021 at the International Conference on IFFs and Asset Recovery organised by the ICPC, only a little over $700 million of the illicit wealth have been recovered in the past four years from: the United States, the United Kingdom, Island of Jersey, Switzerland, and Ireland.

The acquittal given to Shell and Eni in Italy and the persecution of the prosecutors who dared to challenge the company for their bribery in Nigeria on the Malabu deal OPL 245 is a further testimony to how developed countries of the West are not ready to curb the injury done to Africa but rather add insult to it by aiding criminal gangs and corruption in Africa.

IFF particularly in the area of climate change is viewed by the EFCC as financial crime and economic sabotage.

The slow pace with which justice is dispensed at the Nigerian judiciary is a key contributor to the impunity of IFF.

It is worrisome that Nigeria lost money amounting to 28 billion USD as at 2018, due to lack of collection of flare fines and review of relevant laws long overdue for. Also, due to inability to monitor gas flaring data, the country had had to rely on data provided by oil companies. Most Multinationals have over the years been falsifying gas flaring data.
Following extensive debates and analyses, participants made the following recommendations:

- The Nigerian Government should end gas flaring and instigate immediate measures to recoup the billions of dollars owed to Nigeria by oil companies.

- Given that, albeit ironically, the United Kingdom, which will be hosting the COP 26, is also possibly keeping the largest stash of monies stolen from Nigeria, participants urge the Nigerian Government to make a strong case at COP 26 for the repatriation of Africa's stolen wealth in order to enable the continent be able to afford the transition to a greener and self-reliant future.

- Taking example from Brazil which is negotiating an agreement with the US under which it would be paid $1 billion a month to cut forest clearance in the Amazon by 30-40% in the interests of the world's climate, participants urge the Nigerian Government to announce a moratorium on the re-licencing of OPL 245 pending negotiations to establish a global fund through the United Nations at COP 26 whereby an international fund would be established that would pay Nigeria $15.6 billion over the expected 16 year lifetime of the OPL 245 field to keep the oil and gas in the ground. This will guarantee an income as against the uncertainties of a deal reliant on a declining market for oil and gas. The fund could be used to diversify the Nigerian economy away from its toxic dependence on oil and gas multinationals. Indeed, were OPL 245 to be exploited, the emissions from burning its oil could only make it still harder for current and future generations to avoid the deprivations and costs of climate catastrophe.

- Although December 2020 was set as a target date to end flaring and later moved to 2025, participants urge the Federal Government to bring this date forward in the light of the global climate emergency and the known adverse environmental and health impacts (and costs) of flaring.

- Rather than use flared gas to generate electricity - a policy which would perpetuate, not reduce, greenhouse gas emissions, participants urged that the funds due to the government from fines against the IOCs are used to finance community off-grid solar and other renewable alternatives.

- African countries, the Nigerian government as well as the civil society should ensure a just energy transition so that the poor who are currently suffering the effects of gas flaring and IFF are not the ones who end up suffering the cost of fossil fuel non-proliferation again.

- Government and the civil society should seriously engage professional associations including lawyers, accountants, bankers, auditors, real estate experts among others without who the IFF cannot be perpetrated to see how the professional associations can self-regulate.

- There is the need for the government to move from plans on paper to actual implementation of climate change and resilience plans.

- For a successful implementation of climate change and resilience strategy at the state and federal levels, government should carry the people along, particularly members of the civil society, to get their buy-ins.
In the near future, young people of today will bear the worst consequences of climate change and IFF. Therefore, government and civil society should begin to drastically involve the youth including youth groups and academic institutions in discussions about climate change and IFF.

To address the problem of justice denial often occasioned by justice delay at the Nigerian judiciary, civil society organisations should intensify collaborations with international partners to hold the IOCs accountable on the issues of gas flaring and IFF.

The NEITI reports should be taken more seriously with revelations and recommendations reviewed and acted upon by the government, particularly the anti-graft agencies as an important measure towards tackling gas flaring and IFF.

The civil society are urged to monitor the implementation of the resilient strategy of Lagos State while the government is urged to endeavor to domesticate the resilience strategy at the local government levels across the state.

The Lagos State Government and indeed all other state governments are urged to challenge the Federal Government and its institutions to live up to their expectations in recovering illicit wealth and necessary fines from the IOCs as the monies and resources belong to the Federal Republic of Nigeria and not just the Federal Government.

**RESOLUTIONS AND RECOMMENDATIONS**

**NIGERIA LOST OVER $9 BILLION IN STOLEN, UNREMITTED OIL MONEY IN 2013**

- In 2013 the country produced 800.3 million barrels and out of that, the country made 58.07 billion dollars and that represents an eight-per-cent reduction from the 62.9 billion dollars the country made in 2012. Because of some monies that were withheld, lost or underpaid for different reasons.
https://www.bbc.co.uk/news/world-us-canada-55836163


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