

## REGIONAL REPORT – NIGERIA

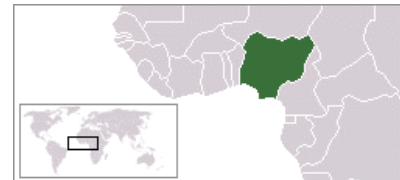


## Insecurity and Power Outages are Significant Drawbacks, but Niger Delta Development Master Plan offers hope for Projects & PM in Nigeria

*By O. Chima Okereke, PhD*

This month's report reviews two major issues affecting projects and project management in Nigeria; insecurity and electrical power. These two issues broadly affect projects in the engineering, construction, energy and other sectors involving capital investments. They also significantly affect foreign investment projects in the oil & gas sector. At the same time, the government has announced the Niger Delta Development Master Plan, which offers hope for progress in this important region of the country.

Insecurity in the oil-rich Niger Delta has been a major drawback to the execution of projects in the area. In spite of the efforts of the Federal Government to contain this danger, it remains not just an unavoidable risk but an obvious hazard that companies have to plan to combat in project management. For example, a major oil company has purchased a high technology solution supplied by Blue Sky Network, a California based company, to help enhance the safety of its personnel and equipment. The event is discussed further in this article.



The Niger Delta Development Master Plan was launched by Chief Olusegun Obasanjo, the Nigerian president, with the optimism that it should lead to the development of the oil-rich but underdeveloped region. It should also herald the return of peace and enhanced productivity in the region, and increase in oil revenue for the nation.

Power outages worsen since the year in the country. Failure to maintain and utilise the installed capacities of the nation's power generating plants, and damages to pipelines of oil and gas to power stations are contributory factors.

### **Detailed Report**

#### **1. Blue Sky Network supplies Personnel and Equipment Tracking for Security Solution to a Nigeria-based Major Oil Company**

The California-based Blue Sky Network (BSN), the global satellite logistics solution supplier, on Wednesday, March 21, announced the sale of its D2000MD to a major upstream Nigerian oil company. The sale was initiated through Upland Consulting Nigeria, its reseller in the country.

The oil company plans to deploy the satellite-based tracking equipment to check current Nigerian security situations by achieving accurate vehicle, marine and personnel tracking. Using Blue Sky Network's unique SkyRouter asset management web portal, the customer can track and communicate with a large number of remote land and sea-based assets and workers. The movement, locations and mayday alerts of these vessels and people will be tracked and visible from any of the oil company's dispatch centers in the country.

Using its interactive Web portal, SkyRouter, with detailed mapping and integration with Google Earth, Blue Sky Network links enterprises to personnel and assets anywhere on earth over the Iridium satellite network. The data and voice products, certified by the US FAA, enable users to customize features including safety and event reporting. This monitoring solution should introduce a new level of security to fleet operators in the region and has the potential to win more customers if it is found to be effective.

It is also necessary to write a footnote to acknowledge the ongoing efforts of the Federal Government to eliminate the lingering insecurity. There is a Master Plan for the comprehensive development of the region which the government is currently discussing with the people of Niger Delta with a view to winning their buy-in. This plan should be approved for implementation after this consultation with the various shades of opinions and leaders in the region. Before going to press, the Master Plan was launched and is now discussed next.

## **2. The Niger Delta Master Development Plan**

Chief Olusegun Obasanjo, the Nigerian president, on Monday March 26<sup>th</sup>, launched the Niger Delta Master Development Plan. It may be relevant to review the current situation, its consequences and the focus of the federal government master plan.

### **Current Situation - Poverty in the midst of wealth**

The region has an estimated population of 30 million people, with a large majority of people living in abject poverty, even though the region is the source of all of Nigeria's oil. The Nigerian government acknowledges that poverty and neglect lie at the heart of the delta crisis. President Obasanjo was quoted as saying: "As we launch the master plan today, it is my abiding belief that we are also launching the commencement of a voyage of hope that will sail the Niger Delta past a legacy of turbulence, neglect and poverty into an assured future as our nation's most peaceful, most prosperous and most ecologically regenerative region."

### **Strategy of Militancy**

- It is reported that a number of foreign workers have been seized in the Niger Delta within this year as a result of stepped-up militant attacks. In general, the hostages are released unharmed except for two who died from stray bullets in gunfights between security forces and gunmen.

- The militants make the point that they are not really interested in kidnapping anyone but they do so to draw attention to their plight. One of them said this:  
"Our interest lies in how to bring the attention of everybody to the issue of the Niger Delta. We want to see physical development, both from the oil companies and the federal government. ... "

### **Consequences**

- **Unrest Limits Production**

There are areas where production has been abandoned because of insecurity and actions of militants. Inevitably, this diminishes oil production output and lowers oil revenue with its knock-on effect on the nation's economy.

- **It scares away personnel and firms**

Most oil companies do not allow their foreign staff to work in areas considered dangerous. In addition, it is reported that the unrest is forcing some foreign oil-service companies to turn down contracts awarded in the oil-rich region.

### **The Plan and its Focus**

The Master Plan provides a framework to develop the region during the next 15 years. It has been drawn up by a federal government agency, the Niger Delta Development Commission (NDDC). The agency will also supervise its implementation. Mr. Atei Beredugo, the NDDC Director of Planning, Research, Statistics, and Management Information System, revealed that the focus of the plan is quality education. He explains it is the key to solving the unrest in the Niger Delta. He says: "In so far as all stakeholders embrace it (the plan) and implement it, then we are going to see substantial improvement in the quality of education. This is very fundamental. A lot of things are tied around education, even unemployment is tied to quality education, conflict has some of its root in poor quality education, because people come out of school, they cannot get jobs and they cannot go back to farming, they find themselves in the middle of nowhere and they become ready recruits for militants".

Details of the infrastructure that needs to be developed to deliver the plan will become known with time as the plan is implemented. In the mean time, it is hoped that the execution of the plan will bring to an end the neglect, poverty and the resultant unrest in this important area of the country.

### **3. Power Outage Worsens**

Power outage is a feature of most developing countries. However, in recent times, the power situation in the country has worsened. The following examples bear out this point.

- At night in many towns and cities, the lights are out and darkness takes over.
- In the day, hundreds of small and medium-scale businesses shut down because of an almost total lack of power if they cannot afford their own private electricity generating units.

- The power situation has become so bad that Alhaji Umaru Musa Yar'Adua, the presidential candidate of PDP, the ruling party, has promised that if elected in the April election, he would declare a national "energy state of emergency."

There are other pointers to the very bad power supply situation that could be listed here but such a list is not necessary. The fact is that the situation is bad in spite of the huge investments that the current Federal Government has made into the national power supply programme. In consonance with this observation, the official News Agency of Nigeria (NAN) reported that despite investment of millions of dollars by the Federal Government in the power sector in recent years, the nation has to manage with an output of 1,000 megawatts of electricity. The blame should not be completely placed on the doorstep of the government because it has invested about \$2 billion in six years. Damages, by vandals, to oil and gas pipelines feeding power generating stations, mismanagement and endemic corruption in the country, are some of the factors that contribute to this sorry state.

Again, this should not be the last word on the power situation. It is the current situation and, the message of this article is that any business in Nigeria has to make an alternative arrangement for its power supply in order to be in operation. On the drawing board, however, the Federal Government has an "integrated power plan" that is aimed at major improvement of the power sector in the next few years.



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