Resources Policy ∎ (∎∎∎∎) ∎∎∎–∎∎∎

Contents lists available at ScienceDirect

Resources Policy

journal homepage: www.elsevier.com/locate/resourpol

Resource governance and the challenges of community development in the Nigerian bitumen belt

Adesoji Adeniyi *

Ramphal Institute, London, UK

ARTICLE INFO

Article history:
Received 30 April 2013
Received in revised form
3 March 2014
Accepted 3 March 2014

JEL classification:
Q3

Keywords:
Bitumen
Community development
Natural resources
Nigeria
Neoliberalism
Resource governance

ABSTRACT

On March 17, 2003, Olusegun Obasanjo, then the Nigerian President performed a groundbreaking ceremony to signal the commercial mining of bitumen under a neoliberal resource governance framework. This ceremony marks an important threshold in the history of bitumen development in Nigeria. Ever since bitumen, also known as heavy oil or tarsand, was discovered in 1900 (GCU, 1980: 10), attempts towards developing it have been undermined by political and socioeconomic challenges that persist within the bitumen bearing region (henceforth, Bitumen Belt), and a problematic governance framework. However, the Nigerian federal government's decision to adopt a neoliberal mining strategy towards bitumen extraction opened a new frontier in the discourse on resource governance and the socio-economic development of resource endowed communities in Nigeria. This paper explores the connection between the bitumen governance regime and the community development challenges of the bitumen belt. In doing so, the paper explores the contradictions inherent in the use of a neoliberal mining framework for resource extraction in a rentier capitalist economy like Nigeria and its implications for community development. It argues that the underlying issues of concern to bitumen bearing communities must be captured in the resource governance framework in order to ensure its sustainability and acceptance.

Introduction

On March 17, 2003, Olusegun Obasanjo, then the Nigerian President performed a ground-breaking ceremony to signal the commercial mining of bitumen under a neoliberal resource governance framework. This ceremony marks an important threshold in the history of bitumen development in Nigeria. Ever since bitumen, also known as heavy oil or tarsand, was discovered in 1900 (GCU, 1980: 10), attempts to develop it have been undermined by political and socio-economic challenges that by a problematic subsist within the bitumen bearing region (henceforth, bitumen belt), and by a problematic governance framework. However, the Nigerian federal government's decision to adopt a neoliberal mining strategy towards bitumen opened a new frontier in the discourse on resource governance and the socio-economic development of resource endowed communities in Nigeria. This opening deserves scholarly attention for a number of reasons.

First, natural resource governance in Nigeria has been associated with serious contradictions that prioritise the pecuniary interests of the state and companies ahead of concerns and expectations of resource endowed communities. Ever since Nigeria became a rent seeking resource dependent state in the early 1970s, natural resource exploitation has come at a huge cost for the environment and economic livelihood of resource bearing communities. Community development occupies the bottom ladder in the Nigeria's federal government calculations; and only gained considerable prominence in the last two decades due to violent resistance from resource endowed communities against the operations of big business (Idemudia, 2009; Zalik, 2004). It took the wanton destruction of lives and properties to bring issues of environmental degradation, loss of socio-economic livelihood, and lack of basic amenities and infrastructure in these communities to the front burner of public policy (Ukeje, 2001).

Second, the Nigerian federal government's inclination towards a neoliberal strategy for bitumen is highly contentious. Neoliberalism as an ideological paradigm for natural resource development is new and untested in the country's highly volatile resource landscape (Amadi, 2004). Its adoption therefore raises unsettling concerns given the complex realities of natural resource politics in Nigeria where contestations over rents continue to threaten the country's inchoate peace and stability (Omeje, 2007). More so, the neoliberals' key aim of separating the state from reproductive economic activities negates the simplest reality of natural resource development in Nigeria – the central government's ownership being the legal custodian of all natural resources in the country.

* Tel.: +44 7877215417.
E-mail addresses: adesojiadeniyi@gmail.com, adesojiadeniyi@yahoo.com

http://dx.doi.org/10.1016/j.resourpol.2014.03.002
0301-4207/

Third, although a neoliberal oriented resource governance regime has been established, the exploitation of bitumen is yet to start. In spite of this, community development challenges in the belt mirrors those of other areas such as the oil-rich Niger Delta region where resource exploitation is on-going. How can community development issues be tackled within a pro-business and pro-market setting given the resource dependent and rentier nature of the Nigerian political economy?

This paper explores the connection between the bitumen governance regime and the community development challenges of the bitumen belt. In doing so, the paper examines the contradictions inherent with a neoliberal mining framework for resource extraction in a rentier capitalist economy like Nigeria and its implications for community development. It argues that the main issues of concern to bitumen bearing communities must be captured in the resource governance framework in order to ensure sustainability and acceptance. The papers draws on findings from semi-structured interviews and focus group discussions carried out in Agbabu, a major bitumen bearing community in Southwest Nigeria in 2007 and 2011. The choice of Agbabu stems from its historical and contemporary importance to bitumen development. Bitumen was first discovered in the town, and the limited exploratory activities carried out to date have been conducted within its locality. Agbabu therefore provided an opportunity to assess, first hand, community development issues in the belt. Community leaders in Agbabu were welcoming. They facilitated access to people targeted for interview and focus group discussions. The leaders also ensured access to the parts of the community visited. The support and understanding of these leaders and other inhabitants of this community was extremely crucial during the course of fieldwork. The secondary data used were sourced from textbooks, articles, policy documents, newspapers, online sources, and news items.

Neoliberalism, natural resource governance and community development

Neoliberalism has had far-reaching effects on humanity since becoming the dominant ideology that drives socio-economic development (Saad-Filho and Johnston, 2005: 1). The underlying feature of this domination, the state-market dichotomy, has ensured the promotion of the market as the rational path towards economic growth and development (Preston, 1996). The fact that neoliberalism considers the state and market as naturally separate provided a basis to promote the latter as an optimal mechanism for efficient distribution of economic resources (Akitoby et al., 2007; Preston, 1996; World Bank, 2004). Thus, while the market is empowered as the platform for economic accumulation, internal working mechanisms of the state are reorganised to facilitate market efficiency through reforms targeted at economic deregulation and liberalisation, as well as the provision of investor-friendly legal and institutional frameworks (Chang, 2003: Shaikh, 2005: 44). Although neoliberals consider state intervention in economic activities beyond these remits a major source of market distortion (Munck, 2005: 61), the various policy descriptions of first (Washington Consensus)[1] and second[2] generation reforms (Harrison, 2004: 18; Saad-Filho, 2005: 117) have led to serious academic and policy discourse on whether neoliberalism is good for natural resource development or not.

For instance, Graulau (2009) pointed to the fact that neoliberalism views mining as an engine for economic growth and development. This position, amply backed by neoliberal inclined international financial institutions is controversial because of its caveat. It is based on normative rationale that supports the intervention of transnational capital in natural resource exploitation mostly in resource-rich but poor developing countries (Graulau, 2009: 150). Contrary opinions however suggest that foreign capital has done more harm than good to the economic wellbeing of resource endowed countries. Bush (2007: 118) used the phrase *unfulfilled optimism*, to describe the failure of neoliberal policy prescriptions to ensure resource-led growth in Africa. Bond (2006: 11) similarly argued that neoliberal induced macroeconomic policies have aided the perpetuation of uneven development in Africa where wealth accumulation and poverty takes place concurrently. The different views presented above pinpoint disarticulations in the influence neoliberalism have on natural resource development.

While there is no doubt that Africa has witnessed a surge in foreign mining operations since the early 1990s (Luning, 2012: 13), this came at a huge cost. Lange (2011) noted that foreign mining capital changed the power relationship and structure of resource governance across Africa. Although she concludes that a continent wide reconfiguration of mining operations has tilted the balance of power in favour of international corporations, it has deepened the contradictions inherent in Africa's resource politics and governance. As a prerequisite for foreign investment, African countries either rewrote or extensively revised their mining laws into market-friendly documents (Lange, 2011: 234). But this exercise failed to take cognisance of the rentier nature of most resource-rich African countries and the implications rentierism has on their political, as well as socio-economic development. Rentier states rely on external rents and taxes from mineral resources exploited in their territory (Bush, 2007:132), and domestic competition over the pecuniary returns from mining can be highly complicated. The platform for contestations in a rentier system is the state which is also a business participant. Can a strategy, whose overriding philosophy fails to recognise the state as a business participant, address the challenges of mineral resource exploitation in a rent-seeking resource-dependent country like Nigeria?

An area where the problem reverberates constantly is community development, especially how to address concerns and expectations of resource endowed communities under a neoliberal resource governance regime. The neoliberal market-led mining framework is business minded and therefore profit oriented. What this implies is that community development issues are not a priority and are seldom addressed by neoliberal resource governance regimes (Lange, 2011: 237). Unsurprisingly, the relationship between business and resource bearing communities continue to be frosty. It is an issue that underpins most resource induced conflicts, protests, and contestations. Himley (2013) showed how this indifference inherent in neoliberal mining regulatory frameworks led to protests by host communities against the activities of international mining operations in the Andean region. The indifference is also an exacerbating factor of resource-led violence in Nigeria (Idemudia, 2009; Omeje, 2006; Zalik, 2004). It has also been identified potentially as a factor in Ghana's budding oil industry (Andrews, 2013).

The Nigerian bitumen belt

The Nigerian bitumen deposit is located along a 120 km area known as the 'Bitumen Belt' in the south-western region of the country. The belt is straddled in the contemporary states of

[1] A phrase used by John Williamson to describe a set of policy prescriptions backed by Washington DC based institutions – IMF, World Bank, and USA Treasury Department. These policies, initially recommended to jump-start the ailing economies of Latin America countries, are straddled across ten core areas: fiscal discipline, public expenditure, tax reforms, financial liberalisation, exchange rate, trade liberalisation, foreign direct investment, privatisation, deregulation, and property rights (Williamson, 1993: 1332).

[2] It covered areas such as democratic political reforms, anti-corruption, and the development of market friendly civil societies (see Harrison, 2004).