Avoiding the Social and Environmental Governance Deficit Time-bomb by Newly Emergent Petro-States in West Africa: Lessons from Nigeria

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The palpable sense of expectation in newly emergent oil producing states in West Africa that the discovery of oil will help rejuvenate weak and ailing economies was recently captured in celebrations marking the lifting of the first oil export in Ghana on 15 December 2010. This expectation is *prima facie* not unfounded considering the rising global demand for energy and the huge revenues accruable from oil exports. However, the evidence from several developing oil producing states is that not only has oil exports not propelled the much envisaged economic development, but rather, that the industry has had a costly environmental, social and economic toll on its host communities. These have created new tensions, sometimes resulting in conflicts, which threaten economic growth, national security and human development. Established oil producing states such as Nigeria are grappling with the realities of this albatross, with no easy options for navigating out of the very complex socio-political situation.

The challenge of these states in the sub-region is therefore to avoid this potential time-bomb. This paper suggests that Nigeria's experiences can provide crucial lessons for them. As its starting point, the paper posits that the State bears the immediate responsibility for the problems, arguing that regulatory and governance deficits creates and sustains an environment conducive for flagrant disregard of "good oil field practice" by the industry, and transparency and accountability in the distribution and management of revenue derived from petroleum. However, this must be analysed within the context of the implications of international oil politics and the pluralist legal system within which the industry operates as these somewhat constrains the regulatory power of the state, especially with regards to MNCs. Stakeholders must therefore look beyond "positive law" to other instruments, mechanisms and frameworks that can be mobilised to encourage "sustainable development" by the industry. However, even here, the capacity of NGOs and other civil society organisations is crucial for some level of efficacy.

Although the lessons drawn are relevant to all newly emergent oil states, particular attention is paid in this paper to Ghana. Ghana's existing undercurrents of similar issues from the mining industry and its current development of a "modern" legal framework for the oil industry makes it a pertinent case study. To what extent can Ghana be said to have "learnt" from Nigeria's "mistakes"?