

Shell announces £55m payout for Nigeria oil spills

Settlement avoids London High Court case and will be split with £35m paid directly to affected individuals and £20m for the Bodo community

John Vidal

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The mud stinks and the crabs caught in the swamps around the town of Bodo in the Niger delta still smell of light crude oil.

But the 15,600 Ogoni farmers and fishermen whose lives were devastated by two large Shell oil spills in 2008 and 2009 will be celebrating on Wednesday as the company's Nigerian subsidiary announces a £55m settlement.

British banks will start to transfer 600,000 naira (about £2,100) into each of the local people's accounts and the community will be given millions to build health clinics and refurbish its schools.

The settlement, split £35m for individuals and £20m for the Bodo community, avoids Shell having to defend a potentially embarrassing London high court case which was due to start shortly. It is thought to be the largest payout to any African community following environmental damage and the first time that compensation for an oil spill has been paid directly to affected individuals rather than to local chiefs.

"It's several years' earning. I don't think I have ever seen a happier bunch of people. The minimum wage in Nigeria is 18,000 naira a month and 70% of the Bodo population live below the poverty line. Every single one of the 15,600 has said yes to the deal," said London lawyer Martyn Day whose team of 20 has just returned from the delta after negotiating the settlement and helping to set up thousands of bank accounts for Ogoni people who did not have one.

Shell's first offer to the Bodo community in 2011 is understood to have been £4,000. This was raised to £18m in 2013 but was also rejected. According to Shell, the villagers had demanded £300m for the damage done.

In a separate development, the company's Nigerian subsidiary Shell Petroleum Development Company of Nigeria (SPDC) said it expected to start to clean up its pollution in the Bodo fishing grounds and swamps "within months". Shell had initially estimated that around 4,000 barrels

of oil were spilt in the two events, but oil experts calculated from film footage that it could have been 60 times as much. According to Amnesty International, Shell had intentionally underestimated the spills in an attempt to minimise compensation payments. This was denied by Shell.

The company welcomed resolution of the case but blamed oil thieves for most of the many spills that occur every year in the delta.

“From the outset, we’ve accepted responsibility for the two deeply regrettable operational spills in Bodo. We’ve always wanted to compensate the community fairly and we are pleased to have reached agreement,” said Mutiu Sunmonu, Managing Director of SPDC. “However, unless real action is taken to end the scourge of oil theft and illegal refining, which remains the main cause of environmental pollution and is the real tragedy of the Niger Delta, areas that are cleaned up will simply become re-impacted through these illegal activities,” he said.

But Amnesty International accused Shell of trying to evade its responsibilities and said thousands of other people living near its old pipelines were at risk from spills.

Audrey Gaughran, the charity’s director of global issues, said: “Oil pollution in the Niger Delta is one of the biggest corporate scandals of our time. Shell needs to provide proper compensation, clear up the mess and make the pipelines safer, rather than fighting a slick PR campaign to dodge all responsibility.”

Styvn Obodoekwe, a spokesman for the Nigerian centre for environment, human rights and development said: “Oil giant Shell’s long-overdue compensation payout to a community devastated by oil spills is an important victory for the victims of corporate negligence.”

Legal firm Leigh Day, who represented the Bodo community, warned that the pay-out could now lead to other Nigerian oil spill cases being heard in the London courts rather than in Nigeria.

“This will open the door. We have four or five other cases which we have been asked to look at. We and others will look to bring other cases. We are pleased that Shell has done the decent thing but it is deeply disappointing that it took them six years to take this case seriously and to recognise the true extent of the damage caused to the environment and to those who rely on it for their livelihood,” said Day.

Chief Sylvester Kogbara, chairman of the Bodo Council of Chiefs and Elders said: “The community can start to live again. For the last few years people here have had no income at all. It has been very painful. We cannot start fishing again but we start business and begin to trade. There is some optimism again.

“For now, the Bodo community is very happy that this case has been finally laid to rest. The hope is that this will forge a good relationship with Shell for the future, not only with the Bodo people but with all the Niger Delta communities that have been impacted in the same way as us,” said Kogbara. “We hope that Shell will take their host communities seriously now... and clean-up the whole of Ogoniland.”

Shell and other oil companies were slated by the UN Environment programme, Amnesty International and the Nigerian government for their lack of action in cleaning up dozens of major spills in Ogoniland. The 400sq mile coastal region which, under the leadership of Nigerian writer Ken Saro-Wiwa, rose peacefully against the company in the 1990s in protest against spillages, is one one of the least developed regions in Nigeria.

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