

# THE GREEN ROOM

## COVID-19 AND THE EXTRACTIVE INDUSTRY

Is the Extractive industry a burden or an opportunity for sustainable development?

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## TRANSCRIPT

**Title:** Is The Extractive Industry A Burden Or An Opportunity For Sustainable Development?

**Dr. Jason McSparren:** Greetings ladies and gentlemen, scholars, industry representatives, members of sustainable society, organizations in the global republic concern with the impact of the COVID-19 on the extractive industry and what it means for sustainability going forward.

Welcome to the first episode of the Green Room produced by the Green Institute. Please follow the Green Room @ theGreenHQ on Facebook, Instagram, and Twitter.

I am the moderator for our discussion. My name is Dr. Jason McSparren and I earned a PhD in Global Governance and Human Security from the University of Massachusetts Boston. My research focuses on global environment policy

including public policy and private policy around the government natural resources extractive sectors in Mali West Africa.

Today, I have the pleasure to moderate the conversation with Damilola Olawuyi, the Deputy Vice-Chancellor of Afe Babalola University in Nigeria. Let's welcome Dr. Damilola Olawuyi.

**Prof. Damilola Olawuyi:** Thank you very much thank you Dr. McSparren, thank you very much for the warm welcome.

**Dr. Jason McSparren:** Okay, if you wouldn't mind at all, I would like to give a little bit of your biography one moment deep into the introduction, okay ladies and gentlemen; Dr. Damilola Olawuyi has several higher educational degrees. He holds a Doctor of Philosophy in Law from the University of Oxford, a Master of Laws from Harvard University, Master of Laws also from the University of Calgary, and a Bar Certificate with first honors from the Nigeria Law School in Abuja. Dr. Damilola Olawuyi is an International Lawyer, Professor of Law, Arbitrator, Author and Policy Consultant, expertise in Petroleum, Energy, and Environmental Law. He was promoted to the rank of full Professor of Law at Afe Babalola University in Nigeria at the young age of 32 years old becoming one of the first full Professor of Law; excuse me becoming one of the youngest full Professor of Law in Nigeria's history. He is a prolific and highly regarded scholar; he has practiced and taught law in Africa, Asia, Australia, Europe, North America, and in the Middle East. He was

formally an International Energy Lawyer at the Norton Rose Fulbright in Canada where he served in the firm's global community an extractive resource investment in Africa. He was also formally Deputy Director and Head of International Environmental Law at the Center for International Governance Innovation in Waterloo Canada. Professor Olawuyi has published several influential journal articles in books and natural resources, energy in environmental law. His most recent book publications include Extractive Industry Law in Africa, Springer 2018, and the Human Right Based Approach to Carbon Finance, Cambridge University Press 2016.

Professor Olawuyi serves on the executive committee which means he served at several executive committees on boards of several international organizations. He is the Vice-Chair of the International Law Association, the Co-Chair of the African Interest Group of the American Society International Law. He and the member of the Academic Advisory Group of the International Bar Associations Section on Energy, Environment, Natural Resources and Infrastructure Law. He is the Editor-in-Chief of the Journal of Sustainable Development Law and Policy. He is the Associate Editor of the Carbon and Climate Law Review; and Senior Research Fellow of the Centre for International Sustainable Development Law, Montreal, Canada. Please, ladies and gentlemen, let's thank Dr. Damilola Olawuyi for being here with us today. Thank you very much, Dr.

What I like to say is that our discussion today is going to be organized first in the following manner. Damilola would share his thoughts in a short

presentation, 10-15-20 minutes following that I will ask a few questions on behalf of the green institute our sponsor for this Green Room episode, and then we will open up the discussion to the audience and take questions from the audience. Our discussion will last round around an hour and maybe a little bit more. So, thank you very much and we could turn over the microphone to Dr. Olawuyi to present his ideas.

**Prof. Damilola Olawuyi:** Well, thank you very much, Jason, for those very kind remarks and the very wonderful introduction. It is a privilege to be in the green room and so I want to appreciate the effort of the Green Institute for spear-heading this discussion. They have shown once again why the Green Institute is the number one Institute in Nigeria when it comes to Green issues. No other entity that I know of is constantly highlighting the need for being on low carbon transmission in Nigeria as much as the Green Institute is doing so I want to salute the courage and hard work of the Green Institute led by Dr. Adenike Akinsemolu for doing what they know best, which is springing up together for this course how we can all be an agent of change in this important area.

I have been asked to speak about a very interesting topic which is framed as “Does the Extractive Industry aid or hinder Sustainable Development and low carbon transition”? And I could easily answer that in one word and then we go, we say that’s it you know because as you mentioned I have spent a good number of my time, my career working in the energy sector. So if I’m asked

whether the sector will aid or hinder sustainable development? My simple answer is it will aid sustainable development, you know the extractive industry has never been this important. We are all stakeholders in the extractive industry. Some will like to say well I have no business with oil and gas but I want to say if you are listening to me right now you are watching me right now then you are a major stakeholder in the oil and gas industry. You are a major stakeholder in the extractive industry because the phone or the tablet or the computer with which you are using to watch me is a by-product of the extractive industry. The battery, the lithium battery that you are using to power your phone is from the extractive industry. The eyeglasses you wear including that of Dr. McSparren is a by-product of the extractive industry. The toothpaste you used today, the car you drive, the fuel in it, including the road on which you drive it, the bitumen laid road, all of those are the product of the extractive industry. And that simply tells us that the extractive industry is a foundation of human life and it will, it has always been important and it will continue to be important as long as we are here. You know and I can go on and on, you know even for the ladies, the lipstick that you wear is a direct by-product of the extractive industry and which simply means that what we need as humanity is not to say goodbye to the extractive industry, what we need is to examine and unpack how the extractive industry can be cleaner, can be technology-driven and can leave less environmental impacts in terms of damage to human and natural environments. That is what we need to do and that is what I have dedicated

my career to do, I have written a lot extensively on the role of responsible resource development, the role of low carbon technology-driven resource extraction to avoid the problem, and that is the focus of my talk and that is how what I believe every responsible country should be pursuing. Just by way of background, the extractive industry if we want to define it, it consists of people, companies, financial institutions, trade organizations, national authorities or anyone involved in removing raw materials from the earth whether it is metals, coal, oil, minerals, anyone involved in removing those raw materials from the earth for use by its ultimate users is a stakeholder in the extractive industry. So the name “Extractive” simply means extracting or removing raw materials from the earth for the use and so with this definition, it becomes very clear that the extractive industry has two major sectors: The Petroleum Sector and The Solid Mineral Sector. If you are operating in petroleum, you are in the extractive industry, if you are operating in the solid mineral, you are in the extractive industry. In many countries, these two sectors are treated separately in terms of having different institutions and different laws. For example, in Nigeria, there is a Ministry of Petroleum, there is a separate Petroleum Act which regulates petroleum and the petroleum sector has its agencies like the Department of Petroleum Resources (DPR) and the likes. While the solid mineral industry has its own separate you know, institutional arrangement as well, we have the ministry for mines and solid minerals, you know, responsible for solid minerals, we have the Nigeria Mining Act, Mining Law which is different from the Petroleum Act, you know

and so these are two very important sector but different in terms of, and it is in its difference is where you begin to see the problem.

For many years, Nigeria and Nigerians generally are focused so much on the petroleum industry because you know; much of Nigeria's wealth has come historically from the petroleum industry, forgetting that petroleum is not the only extractive that Nigeria has. Nigeria is very rich in Gold, rich in Coal, rich in Marble, Copper, Iron-ore and the likes but for many years the efforts and the focus has been so much on the Oil and Gas to the detriment of other key sectors including solid minerals. And so, these days the question in terms of trying to see the roles that of the extractive industry now and in post-COVID time, we begin to see that for us to appreciate the roles, then we must address those problems relating to lack of full utilization of the components of the extractive sector. I know that now in terms of the key focus right now is to achieve the United Nations Sustainable Development Goals for many countries. And the question we ask ourselves today is "What role would the Extractive Industry play in achieving this Sustainable Development Goals". For example, SDG 7 aims to achieve energy for all by the year 2030. The most important aspect of that is to provide electricity and power for over 1 billion people who do not have access to reliable energy. About 600million out of the 1billion are in Africa, you know about 600million people do not have. So many of the world's energy poorest are in Africa, about 50% of the entire population of the continents live without electricity while another about 20% live with unreliable electricity and a lot of Nigerians can relate to

that aspects due to the frequent power outages that we are forced to live with. And again, out of that, there is another layer of about 20% that are forced to rely on dirty or traditional biomass such as wood or animal dung and the likes to generate electricity and to cook their foods, to generate power and to cook their foods. So, you see that there is still a huge gap in terms of meeting the energy demands in Africa and so the number one role that the extractive industry plays is to provide opportunities for us to bridge that deficit and achieve the three aims of SDG 7 which is: ensuring universal access to modern energy services in Africa, doubling the global rate of improvement in energy efficiency and of course which would include making sure people have modern energy sources rather than relying on biomass excessively, number 3 is to begin to then increase the share of renewable and low carbon energy in the global mix. So those are the three roles and for these three you will see that the extractive industry would be very important. And so in terms of modern energy services, you will see that the extractive industry would play a significant role in helping states and countries to move away from the traditional and dirty forms of energy to much more cleaner and modern sources. You would see that now if we begin to look at those roles everyone is talking about well number 3 which is moving to low carbon and everyone has labeled the extractive industry as the problem rather than as part of the solution and that is one thing that I have been saying has to change very quickly. The extractive industry is part of the solution and as a matter of fact, I have argued very vehemently that without the extractive



industry we might never achieve the SDGs not only SDG 7 but any of the SDGs at all because look at it many of the highest employers of labor are from the extractive industry and extractive related sectors. So even if you don't work in oil and gas or mining, if you go to the Niger Delta you see that a lot of people there rely on tourism, on the Hospitality business all tied to the oil and gas industry. So whether you are talking of the SDG on addressing poverty or you are talking about the SDG on you know, good human living and human conditions. You cannot separate the Extractive industry from all of this, given the strategic role it has played in the past and that it will play in the future. So the extractive industry is very key and is going to be part of the solution but we then need to begin to think about is how can we support that low-carbon transition phasing out some of the problems that have been associated with the extractive industry. There are a lot of reasons why we have to begin to think deeply about this, number one is that whether we like it or not the extractive resources are not going to be around forever, oil and gas will not be around forever, Gold, Silver and the likes will not be around forever. So a very sensible economy will begin to think of what will happen, you know, should these resources be depleted. Studies have shown that many in many parts of Africa, resource depletion should occur, you know by the year 2048 or 2050, you know, so what are we going to rely on after then? So number one is to start thinking about building a post extractive economy, you know. That's number one, number two is that we need to then begin to think about how to also get investment, you know, or the income rather than

the income from the extractive industry. How can we then use it to propel or accelerate our low-carbon transition? And first, to do that, it's very simple. It will be simple if there is a commitment, if we know that this is not going to be around forever, then we should begin harness the benefits of the industry to develop a knowledge-based economy and you'll find that many of the gulf economies many of the gulf countries that have extracting resources have accelerated progress on this, you know, trying to now build a new form of economy that is reliant on tourism, on education, on health care, rather than just being a hydrocarbon dependent. That is the number 2 that we have to do. Number three is that I think we've all been talking about low-carbon transition and the likes but the message has been lost in translation for many years, but I think the COVID pandemic has now brought the message to the fall, you know you we've seen a collapse in the price of oil, we've seen the resultant shocks that have occurred from that, we've seen many countries you know going into red, the economy of the world is shaking right now and that again reinforces the third point that we cannot continue to depend on, we cannot continue to run a monoculture economy. For example, Nigeria is running a monoculture economy in which everything is just oil and gas when the oil and gas industry shakes the whole country shakes. We cannot run a monoculture economy and not susceptible to shocks. COVID is a pandemic that has shown the whole world the danger and demerits of being a monoculture economy. Because now you have a commodity no one wants to buy because no one needs it right now. So I think COVID has shown the need

to build resilience and the need for economic diversification and the need for resilience planning, resilience building, disaster risk management, and the likes to move the focus away from extractives and moving towards a much more integrated holistic economic approach rather than an approach Rentier approach that we are used to, Rentier approach, Rentier state as we know is a state that depends so much on rents and most rents whereby rents in oil and gas you mean royalties, when you depend so much on royalties and rents, then you are susceptible to the economic collapse when those rents are not flowing for some reason. So I think the COVID pandemic has accentuated the need for us to move away from the Rentier modulum, rent dependent or rent-seeking model, and build a progressive robust and sustainable economy. Now, I think I'll give two more points and I'll stop there. Number four again, the COVID pandemic has also shown that the extractive industry can be viable and be useful if we begin to see how we can tap into more environmentally friendly energy sources, you know COVID provides an opportunity, you know and I like the words of former British leader Winston Churchill who said: "never waste a good crisis". You should never waste a good crisis. This COVID pandemic is a crisis that gives us an opportunity for us to rethink our roles as reliable suppliers of what I call EPP-Environmentally Preferable Products. There is going to be a massive move towards low-carbon environmentally preferable products. Number one as a way to fight climate change, number two as a way to depend less on hydrocarbon and dirty sources. So how can we, every Smart Country should begin to develop plans

to be part of that low carbon economy that is emerging and the only way to be part of that emerging low-carbon economy is to look Inward and begin to supply Environmentally Preferable Products (EPPs) and those are products that can advance the secure sustainable, competitive, affordable and low carbon energy transition. Any country that is not selling or developing EPPs in the post COVID era might be left behind and a good example is that Studies have shown for example, in addition to renewable energy, we know that renewable energy sources are EPPs, but Studies have shown that natural gas is cleaner and low carbon than oil or natural gas is a cleaner source than oil, natural gas is cleaner than coal. So Nigeria is very rich in natural gas. I would you know, and I keep, it's always a concern why Nigeria has focused so much on oil without producing natural gas industry with the same Vigor and with the same, you know dynamism. So this is a good time. For example, the economy of Qatar is highly based on natural gas, you know, you know, and look at what the country has achieved with natural gas, you know. Number one in terms of the low-carbon transition, number two in terms of building, and a knowledge-based economy. And Nigeria is very rich in natural gas as well. So it is a challenge, it is something that we should all begin to think about, why can't we accentuate our role as suppliers of environmentally preferable natural gas, especially now that the oil market has collapsed. The natural gas market is still quite formidable, you know and so that is something to think about as well. And I think there is a new impetus for this, for example, this year the International Maritime

organization released a new guideline, which says as from January of this year all shippers should use natural gas, you know, to save, you know, to save the Earth and avoid climate change with that new directive all the shippers are now turning to natural gas because of its low sulfur content, right? So which means natural gas suppliers will have a very good time, you know, Meeting those demands which are increasing due to this new directive. So it is a good time for Nigeria and many African economists to begin to accentuate their roles as producers of environmentally preferable natural gas and lastly, I would mention the need to spend extractive income to promote research, to promote research Innovation and Technology development. For many years, African countries have relied so much on technology transfer, you know technology transfer, even though Nigeria and the rest of us have made a lot of millions in petrodollars, you know, you wonder why, you know, we still rely so much on technology and Innovation from other countries. Now is the time to begin to leverage the role of the income from the extractive industry to build a technology-driven economy, in which our universities can produce research innovation technology that can drive the low-carbon transition. You know, some of those tools that we need to achieve low carbon transition have to be homegrown. Look at Rwanda they've made a lot of progress on low carbon cooking stoves. We don't have to wait until we have the big grandiose technologies, you know, we can start by, you know, start small by developing on homegrown octonauts solutions that reflect the peculiarities of our circumstance and can move us forward.

So I think and that's why I want to again say a very big thank you to the Green Institute for spear-heading this whole Green Education such that we can begin to make progress on Research Innovation, Technology Development, Green Awareness that will accentuate, that you know rely on progress and income from extractive industry to create a better future. I'll stop there. Thank you very much.