Oil and Gas Companies and Community Crises in the Niger Delta

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Abstract

This paper examines the role of oil and gas companies in community crises in the Niger Delta. The major conclusions are that oil and gas companies have encountered various forms of community crises in their work environment. These crises have negative impact on the performance of these companies. The paper thinks that adequate community relation will significantly reduce the level of Industry/community crises in the Niger Delta region; also that oil and gas companies in the Niger Delta should adopt community relation strategy through community development projects as this would minimize the level of community crises and hence enhance the performance of oil and gas companies.

Key Words: Oil Companies, Community Crisis, Niger Delta

JEL Codes: 032, 034

INTRODUCTION

Community refers to people living in one place, district or country, people with shared interest (French and Saward, 1975). Crises in this context mean conflict. Conflict is the expression or prosecution of personal or group interest through the use of force or coercion.

In the recent past, records show between 1956 and 1996, the relationship between oil companies and their host communities was relatively cordial, individualized and isolated. Leaders of the oil producing communities were still optimistic this new found source of wealth will transform their communities into a heaven of prosperity. What they did not foresee was that much of the euphoria for a coming prosperity from the expanding oil and gas industry would not continue into the 1980s. During the 1970s contradictions in the industry/community relationship within Niger Delta manifested. It gradually dawned on the new elite of the oil producing communities that life in their communities did not really get better. The material conditions of existence were indeed becoming worse because the financial compensation being paid to oil

producing communities was not only grossly inadequate, but was also creating a new and dangerous phenomenon in these communities, the phenomenon of inter- and intra-community conflicts/crises unknown to these communities. The sharing of compensation money was turning many communities into battle fields because many viewed their shares as inequitable. Community leaders were accused of embezzlement while villagers on whose land oil wells were located demanded the lion's share of such compensation. Similarly the young and unemployed felt they should be adequately taken care of with the oil money. Leadership tussles became frequent, causing a rupture of cherished traditions of oil bearing communities. These crises negatively affected the performance of oil and gas companies in the Niger Delta. This paper examines the role of oil companies in community crises in the Niger Delta.

THE CONCEPT OF CRISIS

From the Marxian perspective, the root of crisis in human society must be traced to the struggle for the material conditions of existence between the controllers of state wealth and power and the rest of society. Both co-exist in an unequal exchange relationship. Anikpo (1998) has explained that crisis is endemic in all human environments. Psychologists would see crises as a response to frustration. Frustration arises as a result of obstacles against the achievement of goals. For many people the only reaction to frustration is aggression directed at the perceived, real or imaginary frustrating object. Psychologists agree there will always be crisis since there will always be challenging obstacles. Similarly, radical sociologists deriving their influence from Karl Marx see the society as organized crisis between two classes based on ownership or non-ownership of the means of production, the former comprises a rich group of capitalists who appropriate more than their fair share of societal wealth. The latter is made up mainly of wage earning workers and peasants who are largely deprived, marginalized and frustrated. The relationship between the two classes is inherently antagonistic and crisis ridden (Anikpo, 1998).

TYPES OF INDUSTRY/COMMUNITY CRISES

According to Anikpo (1998), industry-community crisis occur in various forms. He classified industry-community crisis as follows:

i) *Road Blockage/Protest Demonstrations*: These are considered the mildest or least harmful types of community disturbances. Usually the youth of a community would cut down logs from nearby trees and block strategic access roads or junctions. They may also raise posters bearing their grievances and refuse passage to any persons or vehicles associated with oil companies.

ii) *Disruption/stoppage of operation:* This refers to a crisis situation in which protesting groups enter oil company's premises and interrupt the activities of the staff at work. This often leads to the closure of the facility, particularly flow stations.

iii) *Closure of flow station and Rig/Molestation of oil company* staff: Crisis of this type involves tremendous risks. As in the Ogani case, it could lead to burning down of flow stations and deaths.

iv) *Vandalism/Destruction of Facilities:* Anikpo (1998) has stated that through a protest, while a group may molest staff and force the closure of a flow station, it may not burn it down or vandalize it. In this particular type of crisis the protesters go a step further to vandalize and destroy oil company facilities in their community.

v) *Piracy/Temporary seizure of vehicles or boats*: The classification used in this analysis has separated piracy from hostage taking and regrouped it with the temporary seizure of vehicle or boats. This is to distinguish between temporary interception of vehicles and boats either for monetary extortion or dispossession of other items of property on the waterways, and the outright capture and detention of boasts and their passengers. The former is robbery while the latter is hostage taking.

iv) *Hostage Taking:* The forceful capture and detention of boat passengers, which may lead to the starvation, or murder of the captured by aggrieved youths. It is classified as the highest form of crisis between communities

and oil companies. Extreme cases of hostage taking could result to a paramilitary or military intervention to either free the hostages or avenge their killing.

CAUSES OF COMMUNITY – OIL COMPANIES CRISES

Crisis in the Niger Delta has increased in recent times. They key feature of these crises as Anikpo (1998) observed can solely be attributed to oil explorations and unequal appropriation of what accrues from oil. It could further involve the acquisition of vast acreage, clearing of sites, and introduction of new cultural patterns into host communities, which go against the traditions of the community.

CONSEQUENCES OF OIL ACTIVITIES ON HOST COMMUNITIES

The people in the Niger Delta are faced with continued flaring of gas and attendant problems on human habitat, such as acid rain, noise pollution, and intense heat due to gas flaring. Oil spillage, emanating from careless handing of oil in the process of loading, may result in mass destruction of farmland and sea water, which are the main sources of livelihood for the people of the Niger Delta. Okoko (1996) has observed that oil-bearing communities are exploited and neglected by oil prospecting companies. He also noted that oil exploration has caused social problems where communities in frustration transfer their anger to the oil companies. He concluded the seeming unequal relations, arising from the productive system, has made such conflicts intense, incessant and violent.

Another major argument against the operations of oil companies has been the issue of inadequate compensation for environmental damage. This has resulted in violent demonstration and litigation claims against these companies for environmental damages since environmental impact assessments by companies have not reflected the environmental impact of such operations on rural areas.

INADEQUATE PROVISION OF COMMUNITY ASSISTANCE PROJECTS

According to Okoko (1996) communities see the provision of capital projects as their right and the duty of oil companies to provide. They pressure and attack oil

companies that fail to assist in providing social amenities. Also, the issue of employment of youth and graduates of oil producing communities is a recurring variable in the conflict. Melford Okilo, a one-time governor of Rivers State, has said "unless oil-producing communities are provided with adequate social amenities and their indigenes are employed in these companies, the companies shall periodically dissent from the inhabitants" (National Concord, 1980, p. 3).

GOVERNMENT REACTION TO THE PROBLEMS OF OIL BEARING COMMUNITIES

Oil bearing communities have watched with dismay the attitude of government towards their plight. They have resorted to confronting oil and gas companies operating on their land. The late Harold Dappa Biriye once said that "Oil bearing communities want to be recognized as owners of the resources in their environment, they want to get a higher percentage of the resource coming out of their land" (The Pointer, March 8. 2002, p.3).   He observed that unless the rights of communities to the resources that are in their land is respected, government will never get their participation, cooperation and peace that should prevail. The attitude of government is exemplified by the statement of a former governor who cited the faceoff between the people of Akure and Western Geophysical, where he noted the government reaction was one of threat and used state coercion to threaten the people by saying "hard times await those who foment trouble in oil producing areas" (The Punch, August 15.1999, p. 9). It is not a secret that the government exploits oil bearing communities by using resources to build cities elsewhere while those who bear the brunt of oil exploration and its problems have continued to live below the poverty line.

THE ECONOMIC EFFECTS OF CRISIS ON OIL COMPANIES

Community/oil company crises take the form of blockages, sabotage, and destruction of oil company installations and equipment, harassment of oil company staff, and, in some cases, the disruption of operation of oil activities or the outright closure of oil operations in the affected area. The loss to the national

economy, the oil companies and their host communities has been enormous. A leading national newspaper (The Post Express, Dec 2, 1996) reports that within the first half of 1992, there were about twenty cases of disruption of activities of oil companies affecting fourteen oil fields in the Niger Delta Basin causing a loss of 102,800 barrels of oil per day. This trend, more than anything else, now threatens not only the operation of oil and gas companies but also their reputation and future.

Okoko (1996) has stated between 1988 and 1992, SPDC, lost a total of 1,263 operational days due to disturbances. Another daily (Dialogue, June 13, 1998) reported hostage taking and shutting down of flow stations at Koloama by youths. Nigerian Tide (May 3, 1993) reported on the Umuechem crisis, the Eqwe I and Eqwe 2 plant shut down by youth of Ogulaha, the Ijaw and Ilaye crises, and the NLNG and Bonny community crises. These crises have led to huge losses in revenue to oil companies and the government. In this regard, News Watch (November 9, 1998) reported SPDC/NNPC lost more than $1.5 billion to conflicts in oil bearing communities. Conflicts and crisis of oil-bearing communities also affected the performance of the Nigerian Petroleum Development Company (NPDC), a subsidiary of the NNPC, which reported losses in drilling locations were 40 percent more than in 1996 (NNPC monthly report, Oct 6th 2000).

The mayhem in Toru-Ndoro, which led to the dethronement of the traditional ruler due to accusations he exploited the citizens by collecting monies from SPDC in exchange for allowing them unlimited access to oil resources. This situation in the community has resulted in more crime and disrespect for traditional institutions.

Violence by the communities was also directed at oil companies. The SPDC and Ojobo crises led to the shutdown of the SPDC flow station for 30 days. The company lost about $105 million within this period. Also the SPDC and Alakiri crisis led to the loss of about $80 million within this period. (Environment Watch, September 16, 1998). At the same time many of the low stations and oil locations in Nembe communities were shut down die to clashes between oil-bearing communities and oil companies. Joshua Fumudoh, a prominent Iaw

leader, notes the federal environment protection agency sits in Port Harcourt and makes decisions and policies about the level of damage caused by oil exploration in Nembe. He argues until a member of the oil bearing community takes a leadership position the government will be insensitive to environmental devastation caused by oil exploration (Sunray, October 9, 1996).

The crisis between Agip Oil Company and Okoroma youths in Bayelsa state in November 1998 can be linked to poor handling of social responsibility issues. The people felt neglected and confronted the company, but eventually resorted to violence, causing disruptions of operations for about a month. Valuable material and equipment were looted and expatriates were taken hostage.

PREVENTION OF ANARACHY IN OIL PRODUCING COMMUNITY

According to Enyie (2000), prevention of crisis through conscious community development programs for host communities is a necessity for both the oil industry and the host communities. Crisis which could take the form of vandalism of oil industry facilities, attacks on personnel, hostage taking of oil workers, sabotage activities and destruction of lives and properties result from pent-up aggressions and restiveness could have been doused by a systematic community development strategy. Anarchy is defined as the complete absence of law and order or government utter lawlessness and complete disorder. (Preston and Post: 1975) For communities which resort to anarchy, one is reminded of the plight of the Oloibiri, people. The first commercial oil well in Nigeria was sunk in Oloibiri in 1958. Protagonists of anarchy against the oil industry and the government allege Oloibiri was abandoned to decay and wallow in wretchedness and underdevelopment after the oil deposit was exhausted. Vexed by such recollections, they assert the political and socio-economic backdrop of that historical event promotes justifiable anarchy.

COMMUNITIES RELATIONS PRACTICES

As oil companies are increasingly confronted with violence, community relations has become an attractive vocation. Oil companies have to devise strategies to

contain community-induced crises by creating community relations units charged with the responsibility of crises management and conflict resolution. Most oil and gas companies having critically studied the trend and have recruited individuals with skills in conflict resolution and management. They have trained staff to acquire professional competence in community liaison work with their host communities. The community relations units participate in various activities concerning the existence of their companies. They serve as crises officers to link the company and host communities. These units have devised conflict resolution techniques to suit the peculiarities of their environment. They employ other methods of engagement in their community relations practice. The methods range from a combination of sponsorship, targeted donations, scholarship awards, hospitality and use to facilities by host communities.

GUIDELINES FOR EFFECTIVE COMMUNIITES RELATIONS FOR OIL COMPANIES

Ajala (1993) has listed the following guidelines for effective community relations for oil companies:

(i) Know your community.

(ii) Develop an organization-community relations policy. Spell out specific objectives. Base the policy on assessment of organizational needs, resources and expertise, and on community needs and expectations.

(iii) Review your organization's policies, practices and procedures.

(iv) Consider especially the following areas: waste disposal, employee recruitment, employment policies, noise or traffic problems, maintenance of organizational facilities, marketing, energy sources and energy waste. All should be attended to within the community relations policy.

(v) Utilize all means to communicate with the community. These may include employees, local media, open houses, local clubs and organizations' newsletters, annual reports, and exhibits.

(vi) Involve the organization in local programs by sponsoring employees who wish to join civic and professional groups, providing speakers for meetings,

lending facilities for meetings or activities, sponsoring contests and programs for youths and women, and supporting fund raising activities.

(vii) Distribute corporate donations according to community relations policies and objectives. Philanthropy is an important aspect of community relations.

(viii) Use local merchants, contractors, banks, insurance agencies, lawyers and other professionals for good and services.

(ix) Offer aid to local governments, making organizational resources available by lending employees and materials.

(x) Evaluate the community relations efforts to determine the extent to which objectives have been achieved. Be prepared to develop new strategies if current programs fail to meet expectations.

Peak (1978, p. 17) has observed that community refers not only to a group of people living in the same locality, but to the interaction of those people. In the past, the tendency was to treat community as a rather simple entity, a collection of people, a hometown. Today, we are beginning to recognize each community as "a complex dynamism of diverse, constantly changing, often powerful and always important forces".

Haastrup (1997), using a series of longitudinal studies, investigated the perception characteristics and attitudes of oil bearing communities. His findings show:

(a)   *Perception of oil companies by oil bearing communities*

The oil companies are rich.

The oil companies are uncaring.

They are supposed to be an alternative to government, providing infrastructure and facilities.

(b)   *Characteristics of oil bearing communities*

Remote (Riverine)

Poor

Little economic activities

High unemployment

Leadership and administrative problems

Extremely poor infrastructure

Lacking in basic necessities

(c)   *Attitude of oil bearing communities*

Hostile

Uncooperative

Always seeking avenues to make money

Sometimes disrupt oil production activities

THE ROLE OF THE STATE IN COMMUNITES CRISIS

The state is supposed to be a repressive force. It is supposed to be playing the role of moderating the crisis between various classes in society, but over time, it has served as an instrument by which the most powerful, economically dominant class becomes politically dominant and thus acquires new means of holding down and exploiting the oppressed class. The Nigerian state, during numerous communal crises in various parts of the country, has helped oil companies exploit and hold down the peoples of the various oil bearing communities in spite of the fact some of the oil companies have been accused of not abiding by environmental standards, not providing compensation in accordance with the law for damages resulting from oil exploration, in the case of Ogoni ethnic nationality and Shell Petroleum Development Company (SPDC), in spite of outstanding problems, the State Security agents escort SPDC workers to their various operation sites, much to the annoyance of the Ogoni farmers.

Over the years, the state has in several ways escalated communal crisis in society. As the biggest dispenser of national wealth and the organ responsible for providing social amenities for the people, the state is supposedly aware of the people's needs. But, as a government, it would not make these needs available to the people. The people have learned to make their demands known the way they know best, by ransoming the oil companies who are involved in the

exploration of what they call their oil. The chiefs and larders of Ogoni adopted the Ogoni Bill of Rights (OBR) in which they demanded adequate representation as a right in all Nigerian national institutions, the right to use a fair proportion of the economic resources of their land for their development, and the right to control their environment. These demands made by the Ogonis were treated with levity and from what initially looked like a demonstration to redress the marginalization of the ethnic group, in 1993, Ogoni peasant farmers began to confront SPDC workers. The government moved in state security agents to protect SPDC operations. In the encounter that followed. Saro-Wiwa and eight others were arrested and eventually executed by the state. Many Ogoni farmers were shot and wounded.

Several peaceful demonstrations by the Umuechem community in Etche local government area of Rivers State asking SPDC to provide more social amenities for them, become a showdown between the Umuechem indigenes and SPDC and by the end of that crises, the exact number of people massacred by the police in the conflict is still a matter of speculation" (Anikpo, 1998. P. 22).

In 1995, in Iko, Akwa Ibom State, a defective flare used to burn off gases released at a well head caused significant damage. SPDC contractor, Western Geophysical, asked for and got assistance from the state. Security agents were dispatched to the scene and assaulted numerous villagers from the community, beating to death a teacher who acted as an interpreter during negotiations between the company and the community (Okoko, 1996 p. 42).

From the foregoing discussions and looking at the many other crisis that have taken place in the society (though not mentioned in this paper) the Nigerian state has largely played a repressive role against its people. The role of the Nigerian state in the Niger Delta crisis is exemplified by the admission of Shell Corporation that it had "imported side arms on behalf of the Nigeria Police Force for use by the 'supernumerary police' who are on attachment to Shell and guard the company facilities against general crime" (Human Rights Watch 1999, 174).

OIL COMPANIES AND COMMUNITIES CRISIS

As the turmoil in oil bearing communities becomes discernible, oil companies have tried to increase community assistance efforts. This involved mainly the infrastructural facilities. Examples include roads, boreholes, school blocks and laboratories, scholarships and employment to some indigenes. However, oil companies saw only the manifest symptoms of a much deeper problem and responded by increasing patronage or assistance to some of the communities. It soon become obvious that the devastation created by oil production had gone too far to be ameliorated by such a relationship as the more the companies dished out compensation, particularly in direct cash, the more the communities boiled. Compensation simply tended to increase dependence of the communities on the oil companies and the peoples of the Niger Delta resented this.

It is important to mention the unfolding crisis between oil companies and host communities, Government did not help matters. One would have expected in the unequal exchange relationship, the Nigerian state would play a protective role for both groups as a neural arbiter. This was not to be. The state clearly sided with the oil companies against the communities of the Niger Delta. Enyie (2002, p. 11) has lamented the problem of oil pollution in Nigeria has been exacerbated by the absence of effective regulations and the predatory attitude of the oil companies. Existing legislation is too scattered through a number of statutes limited to specific types of pollution and lacking the backing of detailed regulations. Similarly, in a study by Okoko (1996) on the major sources of crisis between oil companies and oil producing communities, it was revealed inhabitants of the oil bearing communities have become increasingly convinced that laws on oil production in the Niger Delta are oppressive. This perception of the enabling laws, he argued, was at the root of the increasing turbulence in the oil producing communities. Ogbonna (1994, p. 6) and Okoko (1996, p. 12) both confirmed "considerable discretionary power is left in the hands of enforcement agencies and corresponding opportunity power for the oil companies to evade regulations". The official attitude to oil company operations emboldens the companies to be

less careful than they ought to be. Oil company officials believe they can always talk to state officials and get out of any problem any time.

In 1980, there was the Texaco oil blow-out. The extensive damage to people's source of livelihood caused by the spillage was not only a significant impediment to development, but also a source of serious conflict between the inhabitants of the area and Texaco. While people who visited the area gave horrifying accounts of the damage to water and farm lands, Texaco, with the active support of the NNPC, insisted that damage was minimal.

The 1991 Umuechem crisis in Rivers State is another example of the state taking sides with oil companies. What began as a showdown between Umuechem indigenes and an oil company operating in the community suddenly turned into a riotous blood-bath between the people of Umuechem and an armed detachment of the Nigerian police. The number of people who died in the conflict is still a matter of speculation. Several families were dislocated and the scars of that tragedy are still visible in Umuechem today. What the Umuechem conflict did not gain in national publicity, the Ogoni uprising of 1993 in Rivers State adequately covered.

Frustrated more by the hardships arising from the Structural Adjustment Program (SAP) and propelled by the bandwagon effect of earlier protests, oil bearing communities all over the Niger Delta adopted a confrontational stance to enforce their demand for more attention in the sharing of the oil wealth.

Throughout the 1990s, the relationship between the oil industry and oil bearing communities suffered unprecedented damage. The communities were unanimous in their view that the oil industry has destroyed their communal lift. They accused the oil companies of bad faith and a catalogue of other offences including: (i) unfulfilled promises, (ii) spillage problems, (iii) inadequate compensation, (iv) exploitation and neglect, (v) inability to provide employment, (vi) slow response to community complaints, (vii) oil company staff corruption, (viii) desecration of community sacred sites, (ix) expatriate insult, and (x) non-recognition of traditional rulers.

CONCLUSION

Oil companies have encountered various forms of community crises in their work environment and these crises have significant impact on oil and gas companies operating in the Niger Delta. Adequate community relations will significantly reduce the level of community crises and enhance workers' performance. Government policies can be significant in industry-community crises. Efforts should be made by oil companies to establish a good relationship with oil bearing communities by embarking on community development programs. Community youth should exercise restraint in vandalizing oil installations and facilities as this will only lead to lower revenue for oil companies and the government.

Oil companies should also open up channels of communication between them and their host communities. As Grunig and Hunt (1994) said, communication is the biggest tool mankind has as a potential way of overcoming difficulties.

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