

**The Condition of Stakeholder
Relations in Nigeria's Oil
Producing Communities:**

**A Stakeholder Mapping and Engagement
Across Nine Oil-Producing States**

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54, Udeco Medical Road, Chevron Drive, Lekki, Lagos

08076884871, 01-2915003

advocacy@csr-in-action.org

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Authors

Bekeme Masade- Olowola

Barr Chima Williams

Introduction

The overall focus of the project is to determine strategies for reducing oil loss through efficient refinery and theft reduction activities, culminating in the design of a community engagement framework for the sector.

Following the stakeholder mapping and analysis developed, the next phase of the project focused on carrying out various engagements with the identified key stakeholders on the issues of refinery losses and oil theft in the oil-producing states of the Federation of Nigeria.

The concerns of the project and the basic philosophy and thoughts behind it, from the conception to the expected end results, were introduced to the stakeholders who were leaders, champions, and government reps whose jobs or passions focused on driving equitable and fiscal management of oil and gas resources, including revenue, livelihoods, the

environment, and other issues found to be relevant to the greater good of all stakeholders – the communities, government and industry players. This phase, which commenced on the 16 July, 2018, had activities take place at various locations in the 9 oil-producing states, starting from Bayelsa (Yenagoa) to Rivers (Port Harcourt), Akwa Ibom (Uyo and Ibeno), Abia (Umuahia and Etioha community in Ukwa West); Edo (Benin City), Ondo (Akure and Igbokoda); Delta (Warri and Asaba) and ended in Imo (Owerri), where the phase terminated on 18 August, 2018. Concurrently, engagement took place in Lagos within the first two weeks of August 2018.

Methodology

A three-pronged approach was used to glean information from identified stakeholders. These methods include: Personal Interactions, Issuance of bespoke questionnaires and a combination of personal interactions and questionnaire issuance during group discussions/dialogue.

Summary of State Dialogue

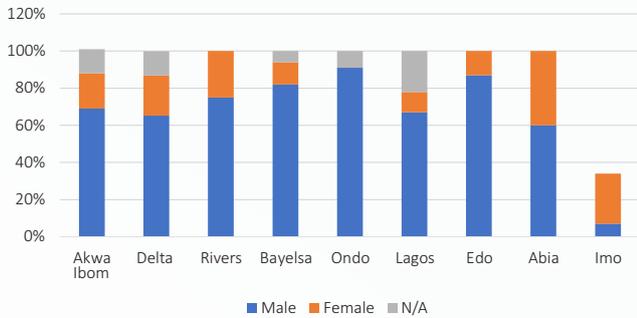
The stakeholder dialogue was conducted in thirty-nine Local Government Areas of nine states including Bayelsa, Rivers State, Akwa Ibom, Abia, Edo, Ondo, Delta, Lagos and Imo State. A total of 212 persons comprising of one hundred and seventy-five males and thirty-seven females participated in the dialogue. Also, stakeholders that participated in the dialogue comprised majorly of civil society groups and a few government officials. Responses amongst stakeholders revolved around the following:

- Oil theft is an outcome of dearth in alternative source of livelihood, in other words, poverty
- Key stakeholders are often complicit in oil theft

- Host communities are often marginalised and do not receive enough benefits despite the resultant damage done to their environment in the process of oil extraction
- Government should make provision for counterpart funding for licensed modular refineries
- Provision of legal framework that guarantees oil community engagement etc.

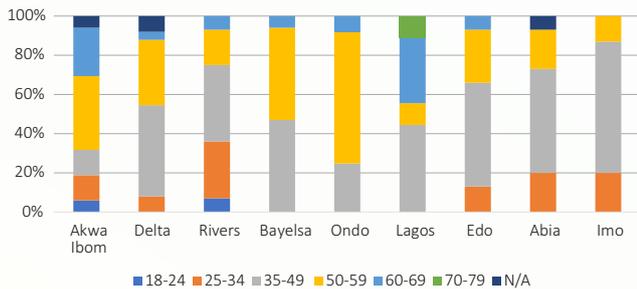
Community Stakeholders' Questionnaire Analysis

Gender



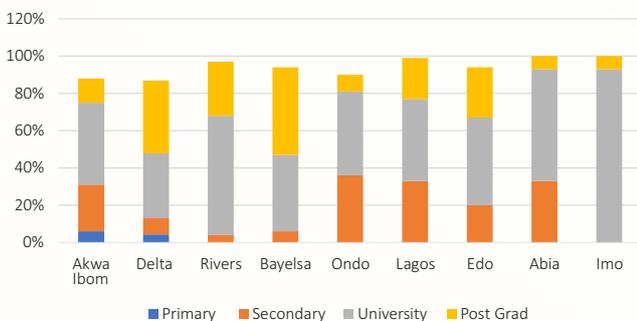
The engagements across the nine oil-producing states featured more male participants than females despite invites extended to all. A key reason for the poor turnout by women was that such gatherings were usually not beneficial to them.

Age



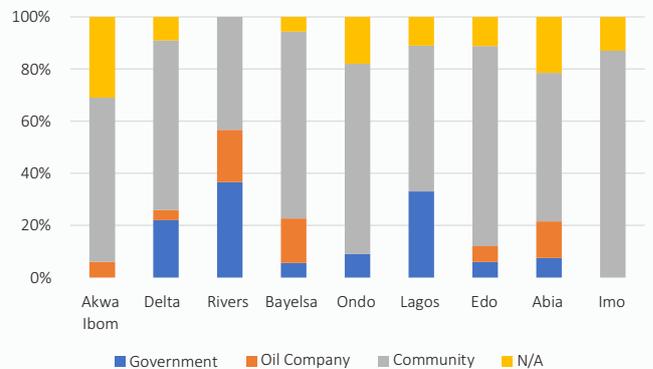
The above table depicts the age range of engaged stakeholders. This implies a good spread of the stakeholders across different age groups.

Level of Education



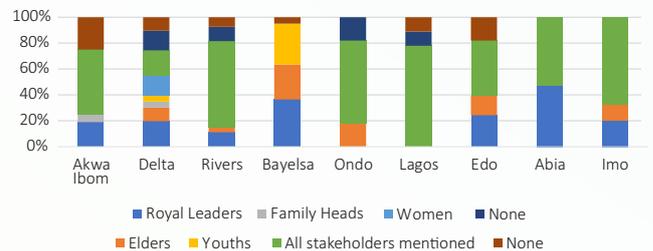
From the table, many participants from all the states engaged had higher educational qualification, including university and post graduate degrees while others had secondary and primary school certificates. It can be deduced that majority of the participants had the intellectual capacity to be part of a stimulating engagement.

Q3: Which stakeholder is most important

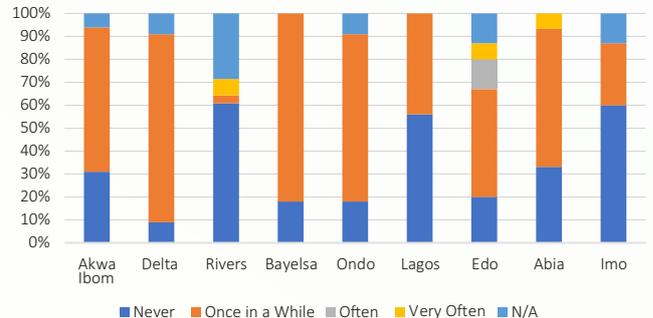


Based on respondents' feedback, key stakeholders in the oil and gas community were prioritised as: host communities, government and oil communities. Further prioritisation by participants indicated that host communities were the most important stakeholder in the oil and gas sector.

Q4: Key stakeholders in community that engage with IOCs

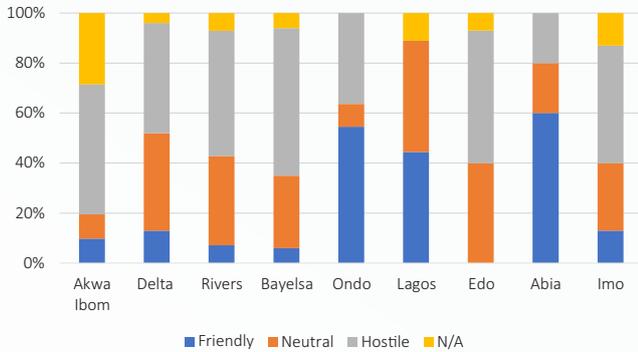


Q5: How often do IOCs engage with the community?



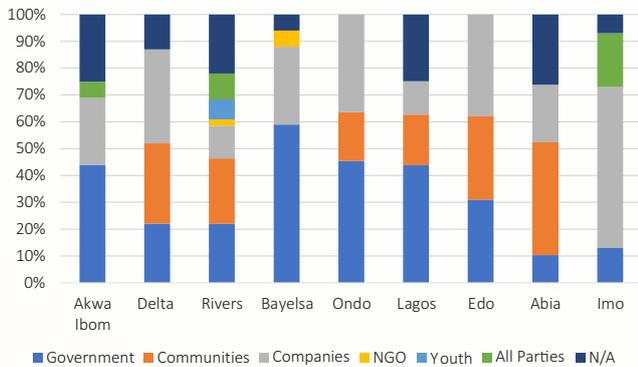
Responses show that the frequency of engagement is very low in some states and non-existent in others and women play minimal role in formally engaging oil companies. Inefficient stakeholder mapping resulting in marginalisation of a critical sub-group such as the women folk account for a frosty relationship between the host communities, oil companies and the government. This also accounts for why the number of women that participated in the stakeholder engagement dialogue were few.

Q6: Nature of IOC/oil and gas operators and community relationship



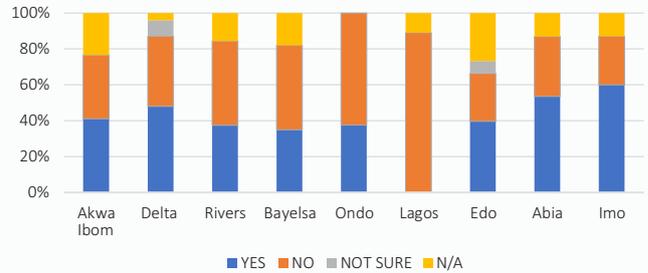
Majority of the participants described the relationship between international oil companies (IOCs) and other oil and gas operators and communities as hostile. This was linked to erratic and non-structured engagement with host communities. Exclusion, poor CSR performance, militarisation, lack of engagement, communication gap, non-accountability for the degradation of the environment, insincerity on the part of oil companies and the government, and the dearth of development in host communities further worsens the relationship.

Q8: Who is responsible for nature of the relationships?



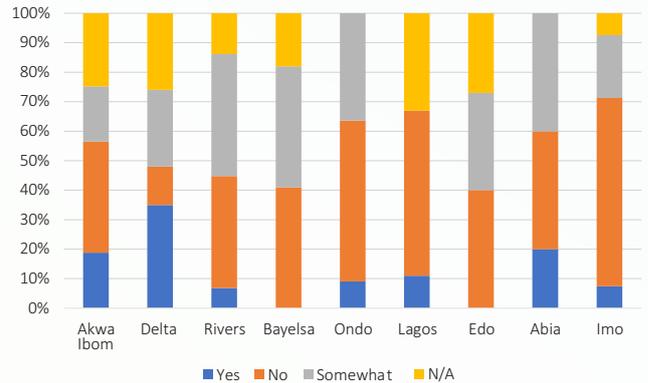
Feedback from respondents indicated that the government is responsible for building harmonious relationships amongst all stakeholders. A few respondents chose the oil companies while some others chose the host community members.

Q9: Was there an agreement between the community & company prior to operations?



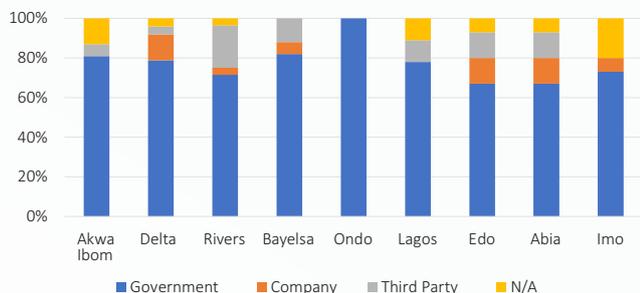
Based on responses of participants as indicated in the table, some states like Bayelsa, Rivers, Lagos and Ondo states have no existing agreement with the oil communities while others like Abia, Edo, Delta and Imo states have agreements. Lagos however currently has an MoU signed with oil companies. Akwa Ibom had mixed reactions.

Q11: Have the parties kept said agreement?



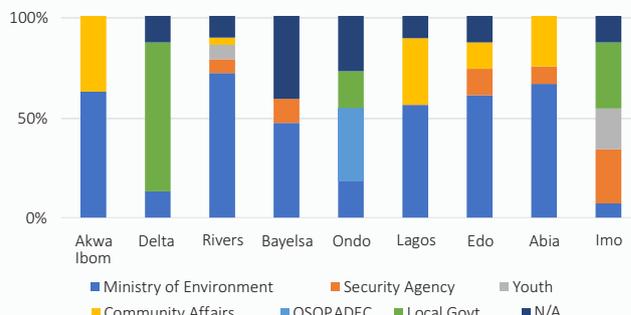
Lack of trust and lack of communication between host communities and other stakeholders within the sector were adduced as reasons for non-adherence to agreements based on responses by majority of participants. Based on feedback from respondents in Rivers State, there is no trust whatsoever between the communities and companies.

Q15: First point of contact in the event of conflict?



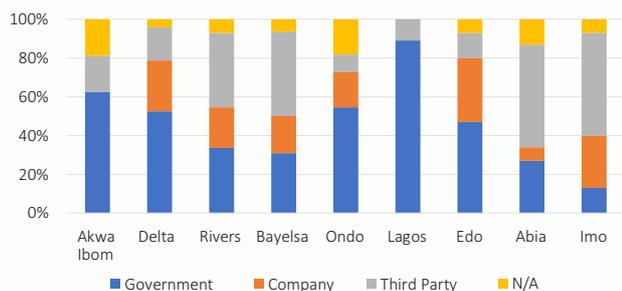
In the event of conflict, majority of the participants from all the states responded that the government is usually the first point of call (Question 15), before they may reach out to other third-party stakeholders like NGOs and the oil companies.

Q18: Who do communities engage with within the government?



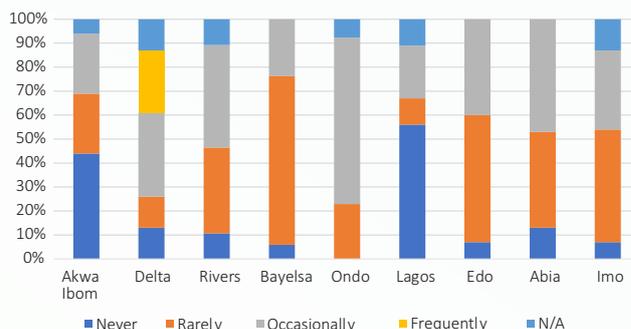
The table above indicate the persons or groups that communities engage with within the government.

Q16: Who do you think should be the primary contact?



Based on feedback from respondents as indicated in the table above, preference is given to government as the first point of contact and the most preferred choice. This is followed by third party organisations and companies. A variation was found in Bayelsa, Rivers, Abia and Imo who preferred third party organisations to the government as a result of poor responses from the government in the past.

Q19: How timely is the feedback from oil companies?



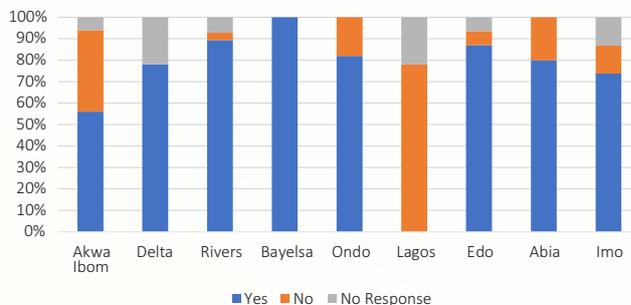
Feedback is 'occasionally' given or received from oil companies, according to data (38.98%) retrieved from residents. Sadly, 35.86% of respondents allege that they receive response occasionally, while only a paltry 26% of respondents, all from Delta State, indicate that they 'frequently' receive feedback from oil companies.

Q17: Who do communities engage with within the company?



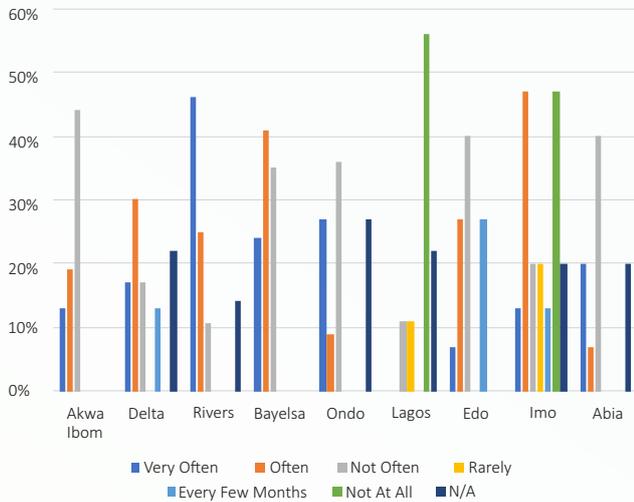
The table above presents different responses by various stakeholders. Whilst some states like Imo and Bayelsa gives higher preference for engaging with the the CLO, others like Lagos, Abia and Rivers state give topmost priority to the community department of various oil establishments.

Q20: Has there been conflict within the oil sector?



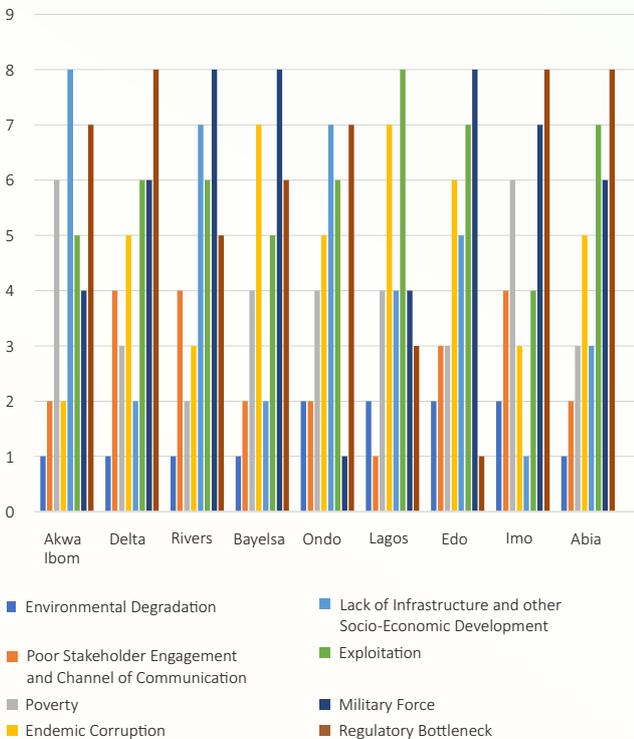
An overwhelming number of stakeholders from all the states responded that there have been conflict at some point between companies and communities in their various locations. However, Lagos is yet to experience conflict as oil exploration is just commencing.

Q21: If yes, how often?



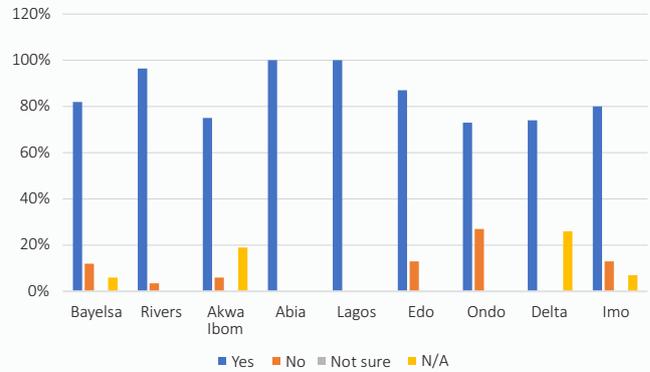
While the majority acquiesced, that conflict occurs in oil-producing communities, only 18.56% agree that it happens very often, mostly from Ondo and Bayelsa states. 22.78% say it happens often, while a further 28.19% concede to it not happening often.

Q22: Rate the major causes of conflict using numbers



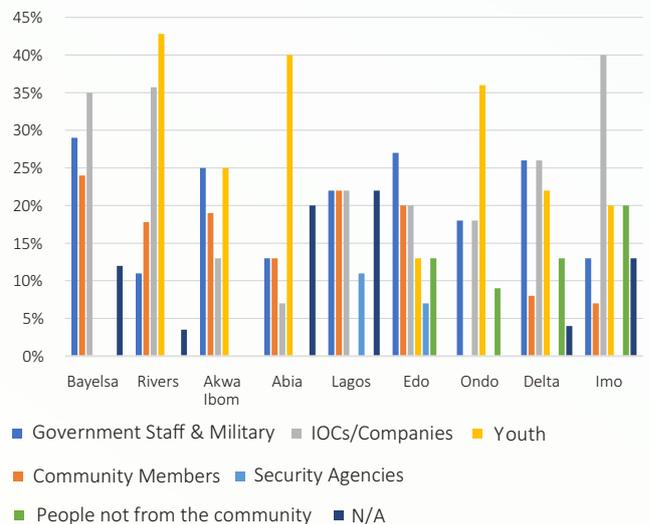
Causes of conflict vary amongst stakeholders and communities. Based on industry realities, regulatory bottlenecks topped the list with 39.1% followed by use of military force 39%, exploitation 36%, endemic corruption 34.67%, lack of infrastructure 31.78% and environmental degradation 20.33%.

Q26: Do you think there should be a framework to guide engagement?



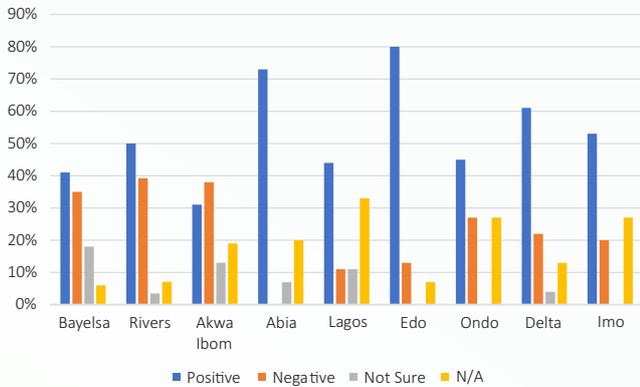
Majority of respondents concede that it is vital to have a framework for engagement. According to the respondents, framework for engagement should have the following components: channels/flow of communication, open communication, transparency of processes, stakeholder engagement, benefits and roles of each stakeholder, equal and total representation of all parties, resource control ownership of oil, community development, and enforcement of agreement.

Q29: Who do you think is responsible for said crime [oil theft]?



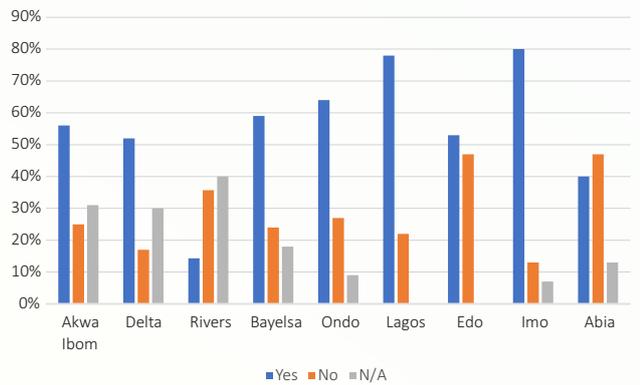
Respondents provided insight into the broad web of persons involved in oil theft as against the popular notion that the communities were mostly involved in oil theft. They mentioned co-perpetrators in government, security agencies, IOCs and Companies and other third parties. According to them, communities are mainly involved when sponsored by government or organisations or as a result of poverty.

Q31: Will the modular refining of petroleum products contribute to the reduction of incidences of oil theft?



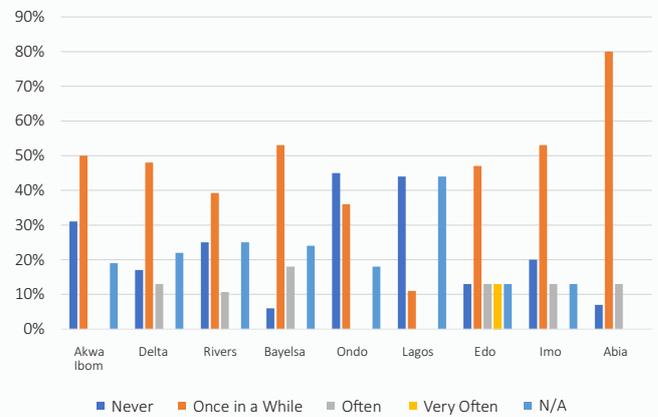
53.1% believe that the introduction of modular refineries will facilitate the reduction in oil theft, with the highest vote coming from Edo with 80%.

Q33: Is there prior consultation?



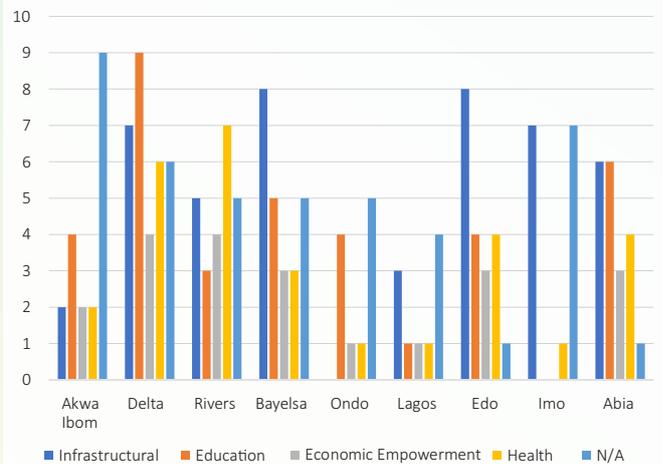
The responses of stakeholders showed that the oil companies in most oil rich communities do not consult appropriately for development. Consultation is often implemented haphazardly with members of the host communities marginalised while only the leaders of the communities are considered for consultation.

Q39: If yes [that the oil company contributes to community development], is there prior consultation with the community?



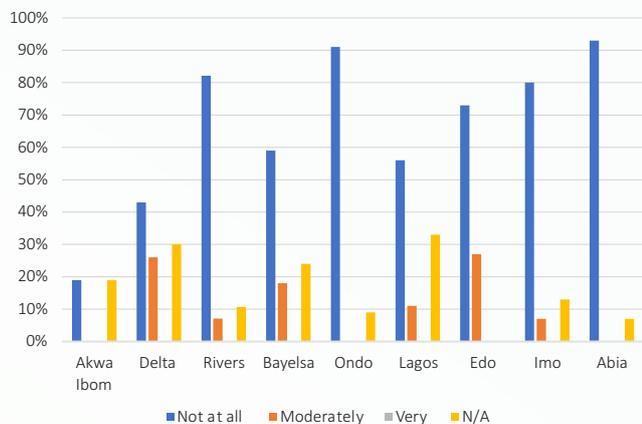
When our data collectors sought to know whether oil companies who carry out any socio-economic development initiatives conduct prior consultations with the communities, 46.36% said that they were consulted prior to the implementation occasionally, while another 23.11% said they are never consulted.

Q41: What kinds of social investments do companies make?



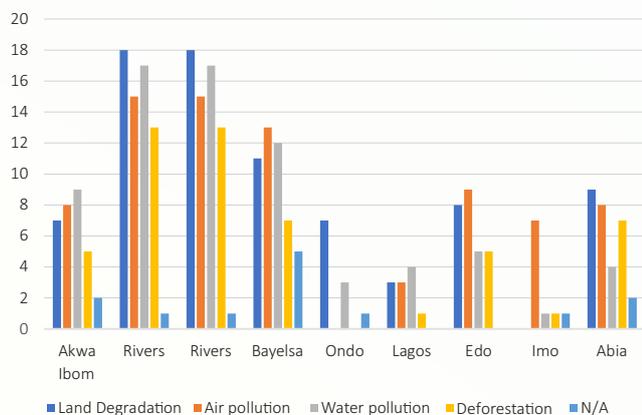
Stakeholders mentioned that any social investment provided for them was usually distributed across infrastructure, education and health projects. However, 66.2% of the stakeholders stated that they are not at all satisfied with the allocation of funds for development project by oil companies.

Q42: How satisfied are you with your community's allocation of funds?



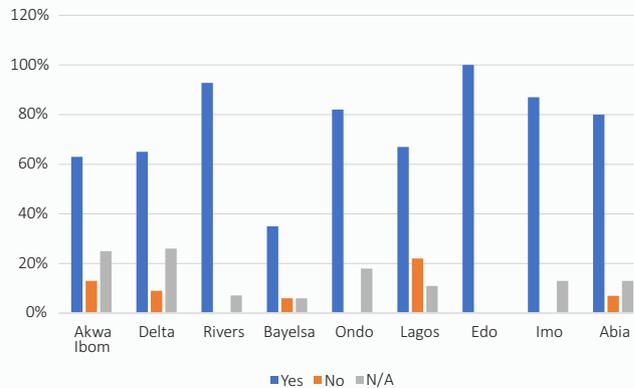
Most respondents were not satisfied at the funds allocated to their communities. Few were averagely satisfied mostly after due pressure was made on the oil companies and government.

Q43: Do you think the oil companies' actions negatively affect your environment?



All respondents rated environmental degradation as a major negative environmental footprint from oil and gas exploration. Also, majority of our respondent insist that the government and oil companies have not been able to address the issues effectively. This has brought about environmental degradation and tension between host communities and stakeholders.

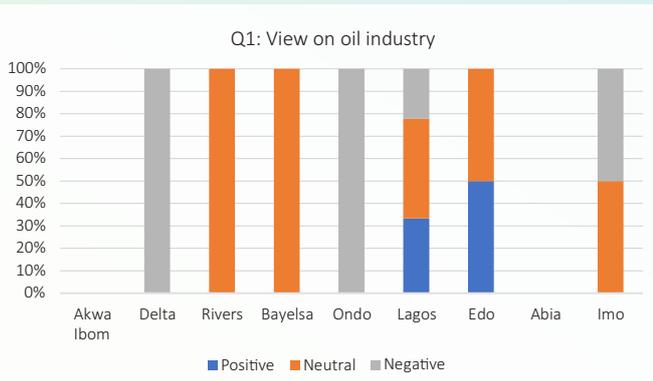
Q50: Would you report corruption?



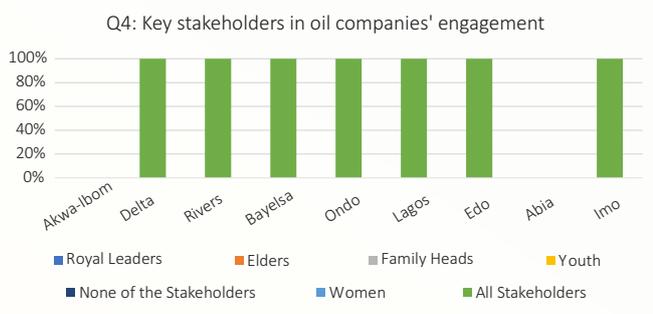
Over 85% of respondents across all the states interviewed said they would report corruption.

Champions, Government and Academia Feedback Analysis

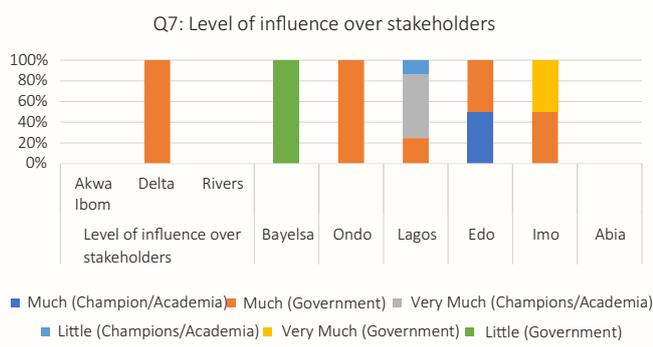
A simplified and abridged version of the community questionnaire for identified stakeholders including government, champions and academia putting into consideration their status as leaders. For these stakeholders, we primarily engaged in an ex tempore dialogue although in some cases, we were able to wholly administer the questionnaire. We will attempt to analyse the feedback received through the aforementioned dialogue, and where possible, use data that we gleaned from those who were chanced to utilise questionnaires.



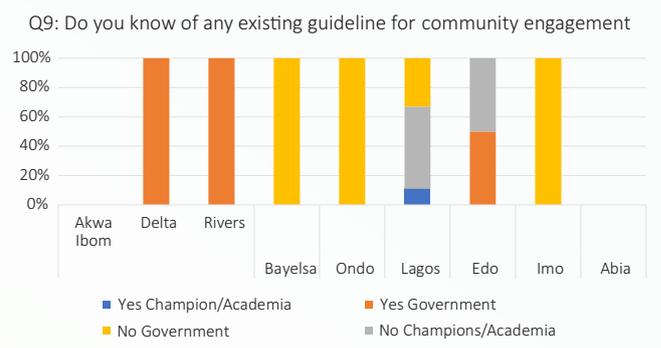
There were divergent views of the oil industry in the different oil producing states engaged. Positive views of the oil industry were received from participants in Lagos and Edo States. All other states had moderate and negative views except Akwa Ibom where no view was represented.



All respondents accept that all the suggested stakeholders in the questionnaire – Royal leaders, elders, family heads, youth and women, are key stakeholders.



Government stakeholders in Delta, Ondo, Edo and Imo states believe they have 'much' influence over other stakeholders, while their counterparts in Bayelsa believe that they have little influence. We did not get any feedback from Akwa Ibom, Rivers and Abia respondents. In Lagos, a large percentage of champions believe that their influence on other stakeholders is very much.

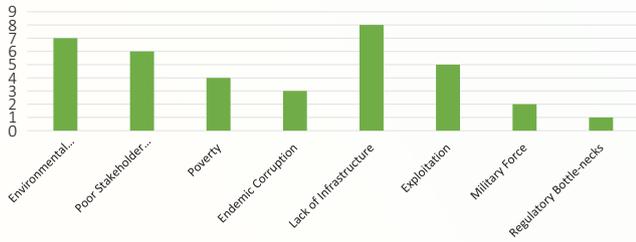


Only government stakeholders in Delta and Rivers filled this category of questionnaire and they all state that they know of existing guideline(s) for stakeholder engagement.



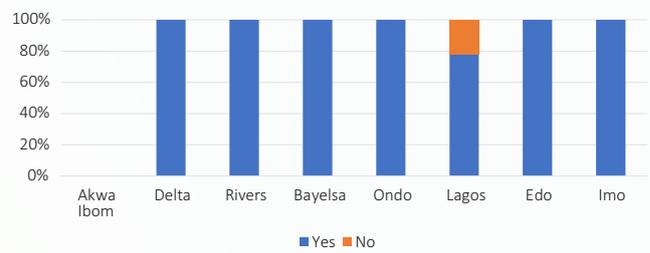
Stakeholders in Lagos State rated poor stakeholder engagement as the highest cause of conflict.

Q11: Rate the major cause of conflict using numbers, with one being the highest? Bayelsa State



Closely following poor stakeholder engagement is poverty, which is sadly endemic in the resource-rich Niger Delta. This is closely followed by lack of infrastructure, a testament to the need for respectable quality of life for all peoples. Interestingly, military force and regulatory force, respectively 21% and 33%, rate very lowly as a causative of conflict.

Q12: Do you think the community, companies and government should adopt a framework to guide engagement?



When asked whether there was need for a stakeholder engagement framework, 96.85% indicated that this was a necessary step to take.

Some General Findings Worth Considering:

From the above analysis, all stakeholders at both state and community level are in accord that a change needs to take place in the modus operandi of relationships between the various stakeholders in order to drive home the need to put an end to oil theft.

Importance of contracts prior to commencement and commitment to such is key. Where there are MoUs and the agreements within are arrived at through participatory development, and there is implementation according to agreement, oil loss and theft can be curbed.

The network of oil thieves is deep, intricate and dangerous. Stakeholders from the various states mentioned the government/security agencies, IOCs/Companies, youth, community members, and outsiders as the actual perpetrators. Stakeholders

revealed that the government and the oil companies are the two leading perpetrators while the youths and other host community members are often sponsored by government officials or private individuals.

According to responses from stakeholders, oil theft can be eliminated by addressing the root causes, two of which involves the issues of unemployment and poverty, and the lack of critical development facilities in the oil rich communities. Poverty eradication, infrastructural development, security strengthening, governance issues, alternative approach to dispute resolution and an urgent commitment to enforcing change would put an end to oil theft.

“
Stakeholders revealed that the government and the oil companies are the two leading perpetrators while the youths and other host community members are often sponsored by government officials or private individuals.,,

Gallery of Stakeholder Visitation Across the 9 Oil-Producing States



Rivers State oil bearing communities leaders, Civil Society Organisations representatives, Academia and Professional Stakeholders Meeting in Port Harcourt, Rivers State.



A cross section of Stakeholders consisting of Professionals, the Academia, community leaders and representatives of Civil Society Organisations of oil producing communities in Imo State.



Abia State oil bearing communities leaders, Civil Society Organizations representatives, Academia and Professional Stakeholders Meeting in Etitiohia Community, Ukwa West LGA, Abia State.



Akwa Ibom State oil bearing communities leaders, Civil Society Organizations representatives, Academia and Professional Stakeholders Meeting in Ibeno, Akwa Ibom State.



Imo State oil bearing communities leaders, Civil Society Organizations representatives, Academia and Professional Stakeholders Meeting in Owerri, Imo State.



Edo State oil bearing communities leaders, Civil Society Organizations representatives, Academia and Professional Stakeholders Meeting in Benin City, Edo State.



Edo State oil bearing communities leaders, Civil Society Organizations representatives, Academia and Professional Stakeholders Meeting in Benin City, Edo State.



For more information, contact us:

E: info@csr-in-action.org, advocacy@csr-in-action.org

T: +234 807 688 4871, +234 906 263 4111,
+234 906 263 4110, +234 906 263 4121

W: www.csr-in-action.org

54, Udeco Medical Road, Chevron Drive, Lekki, Lagos