Appearing like a state:
Oil companies and local violence in the Niger Delta

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Abstract

What determines the extent to which communities in the Niger Delta experience violence? The dissertation addresses this question by focusing on the role of multinational oil companies in local governance, where state institutions are weak. The available literature often overlooks this important dimension. Specifically, the dissertation evaluates whether the choice of community relation policies by oil companies accounts for variations in local violence. These policies often include community development projects and attempts at strengthening local institutions. The main hypothesis is that where projects are allocated and implemented through participatory processes, informal institutions are created which substitute for weak local governments and reduce violence. The dissertation tests this contention by comparing four cases which were selected according to differences in their levels of violence. It concludes that the hypothesis is valid only in highly specific circumstances. In most cases, levels of repression and the relationship between companies and local elites are more significant explanations for violence. This is because oil companies and the state continue to rely primarily on repression and co-optation in their relationship with local communities. Community development and corporate social responsibility are secondary concerns. The central implication of this analysis is that a solution to the crisis in the Niger Delta is unlikely to lie in self-regulation and non-binding commitments by corporate actors. More promising approaches are strengthening local governments by ensuring the integrity of local elections and more stringent regulation of oil company conduct.

Résumé

Qu'est ce qui détermine la mesure dans laquelle les communautés dans le Delta du Niger souffrent de la violence pétrolière? Cette thèse aborde cette question en se concentrant sur le rôle des compagnies pétrolières multinationales en matière de gouvernance locale où les institutions étatiques sont faibles. La littérature disponible néglige souvent cette dimension importante. La thèse évalue si le choix des compagnies concernant leurs techniques de relations avec les communautés locales explique les variations de la violence locale. Ces techniques comprennent souvent des projets de développement local et de soutien des institutions locales. La proposition principale est que si les projets sont planifiées et mis en œuvre de manière participative, des institutions informelles peuvent être créées et ainsi se substituer aux faibles gouvernements locaux et réduire la violence. La thèse teste cette proposition en comparant quatre communautés locales qui ont été sélectionnées en fonction de leurs différences en matière de violence. Elle conclut que la proposition n'est valable que dans des circonstances très spécifiques. Dans la plupart des cas, la relation entre les compagnies et les élites locales ainsi que le niveau de répression sont des explications plus significatives. La raison est que les compagnies pétrolières et l'Etat continuent de s'appuyer principalement sur la cooptation et la répression afin de protéger l'exploitation du pétrole. Le développement local et la responsabilité sociale sont des préoccupations secondaires. L'implication centrale de cette analyse est que les engagements d'autorégulation non contraignante par les compagnies pétrolières ne représentent pas une solution réaliste à la crise dans le Delta du Niger. Le renforcement des gouvernements locaux et la réglementation plus stricte des compagnies pétrolières sont des approches plus prometteuses.

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Acronyms

GMOU	Global Memorandum of Understanding
LGA	Local Government Area
MEND	Movement for the Emancipation of the Niger Delta
MOSOP	Movement for the Survival of the Ogoni People
MOU	Memorandum of Understanding
NDDC	Niger Delta Development Commission
NGO	Non Governmental Organisation
NLNG	Nigeria Liquefied Natural Gas Company
NNPC	Nigerian National Petroleum Company
SPDC	Shell Petroleum Development Company
OMPADEC	Oil Mineral Producing Area Development Commission

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Introduction

Africa has rapidly become a key source of global oil supplies in recent years. Governments across the continent have benefitted from rapidly increasing oil revenues, which now account for the lion's share of their fiscal receipts. This represents Africa's largest capital inflow in history, far exceeding aid disbursements and other types of capital inflows. By and large, however, these revenue windfalls have not resulted in broad socio-economic development. While aggregate growth rates have been significant, poverty, human development and equality indicators have continued to lag. Living standards have stagnated or even declined. This experience has been fairly uniform for African oil producers. The most prominent explanation for this development failure is found in the "resource curse" literature. Its central claim is that large natural resource rents have adverse socio-economic effects, including violence, in states with weak institutions (Rosser 2006).

Nigeria represents the archetypal case of a state afflicted by the resource curse. Since the country's independence in 1960, vast oil revenue inflows have been captured by a small national elite working in close cooperation with multinational oil companies. Local communities in the oil producing Niger Delta region, by contrast, have experienced the adverse effects of oil exploitation and have found themselves trapped in a persistent cycle of poverty, repression and violence. As the share of oil revenues accruing to the federal level has continuously increased (Aiyede 2009), the local institutions of the state have decayed and today play only a negligible role in regulating the specifics of oil production. Service provision in particular is in crisis (Omar 2009). The formal structures that do exist are often deeply implicated in oil racketeering and extortion schemes, which are frequently violent (Human Rights Watch 2007). Rural livelihoods have been destroyed by the pollution created by the production process itself (UNEP 2011).

One key indicator of the Niger Delta Crisis is violence. Nigeria has long experienced conflict and repression specifically linked to the distribution of oil rents (Watts 2009). Over the last decade, various resistance movements have emerged, brandishing their own mix of revenue extortion and local liberation objectives (Le Billon 2005; Watts 2007). In addition, communities have been affected by more localised types of violence. These can take the form of groups reacting to specifically local problems or disputes with oil companies by attacking oil installations. Local violence also results from conflicts within and between local communities competing over scarce resources derived from oil revenues. As will be explored in this study, such local conflict often revolves around oil companies' compensation policies and their community relations tactics more generally. In addition to taking a deep toll on local communities, violence has come obstruct oil production itself, thereby creating an existential threat to the rentier state.

Yet despite these general trends, not all local communities in the Niger Delta have had similar experiences with the oil production process. In particular, levels of violence at the local level have varied significantly across the region. In some locations, violence has been so severe that oil companies were forced to abandon their operations altogether. In other places, by contrast, a variety of local arrangements have been created that have made inroads toward violence mitigation.

Research Question and Approach

This dissertation analyses why levels of violence differ between communities across the Niger Delta. What determines the extent to which local communities in oil producing areas experience violence? While the overall corrosive effect of oil production is well documented, such variations in local violence remain inadequately understood. The resource curse literature in particular is insensitive to subnational dynamics because of its focus on national level outcomes. This is an important oversight because focusing on subnational variations in violence may yield clues about the causal relationship of local violence and oil production by controlling for a set of key variables. It may thus point to ways in which local violence could be mitigated. In addition, the resource curse literature tends to frame the adverse effects of oil revenue inflows as purely domestic pathology of producing counties. This overlooks the extensive role played by oil companies in local governance in the Niger Delta and allows companies to shirk their own responsibility by pointing to the inability of local societies to cope with their resource wealth.

The dissertation seeks to fill these gaps by focusing explicitly on the community relations policies employed by oil multinational companies. These companies play an integral part in the political economy of Nigeria and are deeply implicated in violence and local governance in the Niger Delta (Frynas 1998, 2001). In this vein, oil companies have long attempted to co-opt community leaders in oil production areas. This has mostly had disastrous consequences in terms of violence, because it created incentives for intra-community conflict over compensation as well as conflicts between adjacent communities which were not equally compensated (Watts, Okonta, and von Kemedi 2007). To help mitigate the risks that local violence creates for production and protect their corporate image internationally, oil companies have more recently devised a wide variety of community relations approaches (Frynas 2005; Zalik 2004). In an effort to pacify local communities through mass co-optation, these approaches have come to include private attempts at local service delivery. In this context, the latest innovation is the "community foundation approach," which also visages the strengthening of community-level institutions through participatory frameworks of project implementation (Idemudia

2009a, 2009b).

The dissertation develops a theoretical framework to understand the potential effect of the community foundation approach on patterns of violence in the Niger Delta. Its point of departure is that oil-related violence in the Niger Delta is the outcome of weak state institutions, which are incapable of managing local conflicts over oil revenue allocation and distribution. By applying insights derived from the literature on informal institutions and conflict to the study of local violence in oil states, the dissertation develops a set of theoretical propositions that hinge on the way in which community foundations may foster the development of informal institutions, thereby compensating for the weak institutions of the state. This logic will be tested through a set of four qualitative case studies. Cases will be selected according to their levels of violence.

Findings

The analysis suggests that oil company-sponsored community foundations have no positive effect on violence in the communities studied. In a system where both companies and the state derive large benefits from perpetuating the status quo, it is unlikely that relatively small corporate social responsibility initiatives will make much difference to overall patterns of violence and the plight of local communities in production areas. Oil companies and the state continue to rely primarily on co-optation and repression in their relationship with local communities. In this context, the overriding objective is to keep the oil flowing through all means necessary. Community development and corporate social responsibility are secondary concerns.

The study delineates three sets of causal factors that explain why community foundations have no positive effect on violence. The first is the extent of company commitment to the community foundation approach. In the cases studied, their commitment did not extend far beyond the realm of their policy pronouncements. In reality, companies continue to "do what they have to do" in order to protect production. This includes co-optation of local leaders and well as continued repression as deemed necessary by the company. In this respect, the community foundation approach does not represent a significant departure in terms of community relations policies but rather an additional way of channeling resources to co-opted local leaders. It also provides an opportunity to represent the companies' operations in a more positive light to external audiences and can therefore also be understood as a public relations tool.

Second, the structure of local leadership in different communities has a significant effect on violence. The key dimension in this respect is whether local elites are united or divided. In cases where elites are united, their specific choices matter. When united elites choose to cooperate with the companies, the likely outcome is low violence, as local elites can be fully co-opted into company operations and can help keep local discontent in check. Conversely, when united elites choose resistance to the conduct and policies of oil companies, violence is the likely outcome. This is particularly so when local elites are able to draw on international networks to strengthen the resources they can bring to bear on the local conflict. Similarly, violence is also likely when elites are divided. In this instance, oil companies will attempt to co-opt specific sections of the local leadership, which will probably trigger active resistance from those sections of the local elites losing out from patronage opportunities.

Finally, the nature of repression has a significant effect on violence. In this vein, state agencies concentrate their efforts at repression in locations that are particularly crucial for the continuation of the rentier system. This is the case, for example, in Bonny Kingdom which not only represents an important production area but also hosts one of

Nigeria's main export terminals. Disturbances here would affect the entire system. In most other places, significant levels of violence can be tolerated because they do not impede oil production in any significant way. However, all case studies vividly illustrate that repression is never far away and remains a fact of life across the Niger Delta.

Chapter Outline

The dissertation is structured in a way that facilitates analysing the impact of oil company community relations policies on local violence. The first chapter lays the conceptual groundwork in this respect. It develops a theoretical framework to explain subnational variations in local violence in oil states based on the community foundations approach. This framework hinges on the potential effect of the approach on creating informal institutions which can mitigate local violence. The chapter outlines a set of theoretical propositions which specify when this may be the case. It then outlines the qualitative methodology employed to test these propositions.

The second chapter discusses how violence has come to threaten the flow of oil in Nigeria. It begins by sketching how oil rents mostly accrue at the center but the most severe fall-out from oil production is felt in the Niger Delta. It then outlines the main ways in which grievances against this system are articulated, and distinguishes between two types of violence, insurgent and local, which result from these articulations.

The third chapter analyses how oil companies and the state have responded to this threat. It argues that recent responses continue a long history of mix of repression and co-optation, and that the community foundations approach has to be understood in this context. The chapter then moves to an analysis of the Akassa Community Foundation, which is the poster child for a successful community foundation in the Niger Delta and is often used by oil companies to justify the application of the approach elsewhere. The analysis delineates a set of distinguishing factors which may account for this success but are unlikely to be replicated elsewhere. This will form a baseline for the subsequent discussion.

The forth chapter contains case study analysis of two locations where violence is high but oil production can continue relatively unimpeded (Egi and Gbarain Clans). In both cases, companies have implemented their respective versions of the community foundations approach. The case studies show that this approach has had no positive effect on violence. The chapter then considers the reasons for this failure, which are that both companies are not committed to the approach in any sustained manner. Instead, it appears to represent merely an additional way of channeling resources toward the co-optation of specific local constituencies.

The fifth chapter contains two further case studies where levels of violence differ dramatically. In one case (Bonny Clan), violence is relatively low even though there is significant unresolved local conflict. In the other case (Ogoniland), by contrast, violence is so high that oil production has ceased altogether. The chapter analyses oil company approaches to community relations in either case and traces the way in which they have affected violence. It then explains the reason for the difference in outcome, drawing attention to the unity and choices made by local elites as well as the nature of repression exerted by the state and oil companies.

Chapter 1: Understanding Patterns of Local Violence and Oil Production

In a detailed analysis of the socio-economic impact of oil wealth in Africa, Gary and Karl concluded that "countries that depend upon oil exports, over time, are among the most economically troubled, the most authoritarian, and the most conflict-ridden states in the world today" (Gary and Karl 2003, 18). This "resource curse" thesis, however, masks significant subnational variations in oil-related violence. While some communities in production areas have been affected by persistent violence, others have remained more peaceful. These variations are not explained by the resource curse literature, which tends to be pre-occupied with the challenges to formal governance at the national level. The literature is also largely blind on the crucial role of informal institutions and multinational oil companies at the local level.

This chapter proposes a way to fill this gap. It is structured as follows: First, it distils relevant insights from the existing literature and identifies analytical gaps. Second, it proposes a framework to study subnational variations in African oil states. The framework shifts the focus to the informal institutions which govern the interactions between the state, oil companies and local communities at the local level. Specifically, it proposes that the community development projects typically sponsored by oil companies can foster the development of such informal institutions. Third, the chapter discusses the methodology employed in this study. This will prepare the ground for the subsequent case study analysis. By analysing cases selected on the variation in local violence, that analysis will seek to understand if and when oil company programs can help avoid violence.

Violence and the Rentier State

At the level of broad observation, oil resources are said to have three analytically distinct consequences: First, oil revenue inflows typically do not result in socio-economic development. Instead, they tend to result in extreme wealth for small sections of the population and persistent poverty for others. Second, inflows of oil revenues tend to encourage corruption and patronage networks, and impede the development of sound fiscal management practices. Third, oil producers are often affected by persistent and violent conflict (Rosser 2006).

Structural Characteristics of Rentier States

The analytical concept commonly used to explain this malaise in African oil states is the rentier state. In general terms, rentier states are defined by their economic dependence on the revenues derived from natural resource exports and the fact that most of those revenues accrue to the central government (Beblawi 1990, 85). Approaches in fiscal sociology have suggested that the fiscal independence enjoyed by the governments of such states leads to "bad governance" because they remove any grounds for domestic political contestation and bargaining (Brautigam 2008; Moore 2004). In a seminal piece, for example, Karl has argued that dependence on oil revenues leads to political systems geared towards the distribution of rents rather than promotion of private investment, production and economic growth (Karl 1997).

Fiscal sociology largely attributed the genesis of rentier states to the historical juncture at which oil is discovered. From this perspective, the emergence of rentier states is particularly likely where oil's domination of the economy coincides with the process of state formation (Karl 1997). States such as the United Kingdom, Norway and the Netherlands were not affected by the resource curse because their institutional frameworks were already well developed by the time that oil revenues began to increase rapidly. In the African context, however, the development of oil resources often coincided with crucial moments in state formation. In Nigeria, oil was discovered shortly after independence. In Angola, oil exports rose rapidly following the end of the civil war. In other words, put more generally, African oil states are particularly likely to become rentier states because decolonisation and state formation are relatively recent phenomena.

In this context, West African oil states have been successful in facilitating and protecting oil rents, even though they have experienced a steady erosion of institutional ability to address the pressing socio-economic challenges their populations confront (Oliviera 2007). For example, while a recent oil boom has meant unprecedented fiscal receipts for the government of Equatorial Guinea, there has been little progress on any aspect of socio-economic development and economic growth has been deeply inequitable (Frynas 2004). The paradigmatic example in this respect in Nigeria, which has long been the most important African oil producer but whose oil producing region, the Niger Delta, has not benefited from oil revenue inflows. Instead, it has been mired in extreme poverty and protracted violence for decades (see second chapter).

This analysis points to two important characteristics of African rentier states: weak formal state institutions and a successful focus on extraction. The first is important in terms of the resource curse because there is broad consensus that reducing economic inequalities and fostering socio-economic development requires at least a modicum of state capacity (World Bank 1997). In this view, state institutions are seen to provide both the public goods required to sustain economic activity and the venues to peacefully manage distributive conflict. By extension, achieving social justice objectives hinges on the existence of domestic institutions capable of developing policies on the specifics of income redistribution and the tools for implementing those policies. Weaknesses in state capacity, furthermore, affect the terms by which developing economies are integrated into the global economy. In a global system governed by nation-states, citizens of least developed countries find themselves without voice in shaping international economic relations, and without regulatory protection from private economic actors. African states enjoy juridical sovereignty in the international system, and are legally empowered to sign contractual agreements with private companies and to sell rights for resource exploration. However, this has little effect on the empirical reality of governance (Jackson and Rosberg 1982). In other words, control over resources in the international system is bestowed upon the leaders of rentier states by virtue of international convention and with no regard for the actual reality of governance, including the actual exercise of sovereignty over specific territories in which resources are located. Exercising this "resource privilege" is often highly detrimental to the economic well-being of ordinary citizens (Pogge 2002).

African oil states are, of course, not the only developing societies that have experienced high aggregate growth rates but few improvements in equity or human development terms (Pogge 2011; Wade 2004). What is unique in those states, however, is the stark contrast between rapid capital inflows and the many symptoms of "state failure," about which there is an extensive literature. As such, African states are often unable to provide public goods, including economic management and security (order) (Bates 2008; Rotberg 2003). In sociological terms, the autonomous power of African states over society is severely limited. They almost completely lack both "infrastructural power" (defined as power through society) and "despotic power" (defined as power over society). Possessing a combination of both is the hallmark of a modern state (Mann 1984). More specifically, formal state institutions only partially penetrate society, and non-state actors retain a large degree of autonomy beyond the formal legal rules promulgated at the center. Constant negotiations characterize the power relations between actors at different levels

(Migdal 1994).

With this in mind, Chabal and Daloz have argued that "the [African] state is no more than a décor, a pseudo-Western façade masking the realities of deeply personalised political relations" (Chabal and Daloz 1999, 16). From this perspective, the state in Africa has never been fully institutionalised. This is the result, to some extent, of the nature of colonial rule. In Africa, by way of generalisation, it was based on personal ties of the ruled to local elites through the system of indirect rule. In this, neither colonial nor post-colonial state elites ever sought to extend a notion of citizenship based on equal access to political participation and economic opportunities, or one that applies equally across the state's territory (Berry 1992; Bierschenk and de Sardan 1997). Instead, the state remained arbitrary and beholden to particular interests. Chabal and Daloz posit that this "informalisation" of the African state in fact represented an instrumental approach to exerting power on the part of elites in the postcolonial era (Chabal and Daloz 1999). In other words, African states often have weak formal institutions on account of specific choices made by elites. In African oil states, one such elite choice is to prioritise natural resource extraction.

The second analytical characteristic of African oil states, therefore, is the prioritisation of natural resource extraction over most other policy objectives. In this, however, those states differ from the global "failed states" category because they retain specific elements of state capacity to pursue this objective. They are generally able to protect the natural rents accruing at the centre from capture by rival elites. This mechanisms can be illustrated by the empirical observation that African rentier states have displayed remarkable stability. For example, the statistical life span of political regimes in African oil states tends to be longer than the life span of regimes in the continent's non-oil states (Omgba 2009). In this context, high per capita oil revenues can be conducive to regime stability and avoid violent conflict because they allow a combination of high spending on co-optation and internal security (Basedau and Lacher 2006). In addition, as mentioned above, African rentier states retain the ability to negotiate and conclude agreements with multinational oil companies. Those private actors are typically responsible for managing the extraction process at the local level. In Nigeria, for example, the state has essentially withdrawn from local government and the day-to-day management of the extractive process, leaving local affairs to private actors.

Against this background, two closely related gaps can be identified in the literature on African rentier states. The first gap is the literature's silence on local governance and the role of informal institutions at that level. In other words, the literature's focus on the nature of formal institutions at the central level may be largely irrelevant to the empirical way in which African oil states are governed and conflicts are addressed at the local level. This is all the more important since there is ample evidence that both formal and informal institutions affect development outcomes, at all levels of governance (Casson, Giusta, and Kambhampati 2010). The rentier state literature shares this shortcoming with the mainstream literature on failed states, which often judges African states against a baseline which is irrelevant to their empirical reality and the daily lives of their inhabitants (Englebert and Tull 2008). This approach is grounded in a Weberian conception of the state in which formal institutions exert effective control over society at all levels, according to legally constituted rules applicable equally to all citizens across the state's territory. From this perspective, the analytical baseline is a state with a significant degree of autonomous decision-making capacity (Skocpol 1985). This is not applicable to African rentier states, however, where various types of informal institutions and non-state actors play an important role in local politics. The nature of that role is determined by the specifically local factors in which oil production takes place. Reno, for example, has described the nature of “shadow states”, which represent largely privatized realms of governance geared toward the extraction of resource wealth (Reno 1999). While Reno was not writing specifically about oil states, the same logic applies there.

The second gap is that rentier state approaches often overlook the domestic role played by international actors in African oil states. This is despite the clear empirical evidence that global companies have come to play an integral part in the domestic political economy of oil states, and have often adapted their business models explicitly to protect their operations from political instability and local conflict. In many cases, including Nigeria, this has had a devastating effect on local societies (Amnesty International 2009; Frynas 1998). This particular oversight, in turn, coincides with the rise of interest in “governance” and corruption in development thinking, mirroring a shift to the domestic sources of underdevelopment. In this process, the role of international actors and the structure of the international political economy has gradually slipped out of sight (Shaxson 2007, 1124). In the Niger Delta, for example, oil companies have largely succeeded in improving their image by shifting the debate to local sources of violence and away from their own responsibilities (Zalik 2004, 410). Incidentally, this criticism can also be levelled against the literature on “state failure” more broadly, which largely ignores the position of those societies in the global political economy (Wade 2005).

The two gaps identified here point to the important contribution that can be made by comparative case study analysis of local communities in oil states. The latter part of this chapter will propose a methodology to this end and will outline a way to apply that methodology in the context of Nigeria. But first, the following sections will deal more specifically with violence and international factors, including the role of oil companies and the significance of international policy frameworks. The studies considered provide important additional perspectives to the discussion so far.

Oil Revenues and Violence

There is considerable empirical evidence that rentier states, including those in Africa, are particularly likely to experience violent conflict. The large body of literature which seeks to explain this observation can broadly be divided according to its focus on two ideal-types of violence. The first deals with insurgent violence, seeking to change the state leadership at the national level or obtain independence of better terms of revenue sharing for specific regions. For analytical purposes, this type of violence generally takes place within some level of group organisation, such as rebel movements. The second ideal-type is local violence, which represents local communities attacking resource extraction facilities in order to protest specific grievances. This type of violence is less reliant on organised groups than insurgent violence and can erupt spontaneously. While the literature on violence and the resource curse has paid ample attention to the former category, the latter category of localized violence has not received the same amount of attention. This is despite the fact that such violence is extensive and has had devastating effects on the lives of people in the Niger Delta – as well as on the operations of oil companies in the region (see third chapter).

The following discussion will address the distinction in theoretical terms, while the third chapter will substantiate the distinction with empirical evidence from the Niger Delta. As ideal-type categories, the two types of violence often coincide in reality and affect each other. In the Niger Delta, local people are simultaneously exposed to both recruitment pressures and attacks from insurgent movements and local violence, where they may be both participants and victims. However, the distinction is useful in African oil states as it underlines the way in which they are generally able to protect rent accumulation at the center without providing order across their territory.

Insurgent violence has received the most sustained academic attention in recent years. Most explanations focus on the opportunities and motives for armed rebellion created by natural resource endowments, as well as the secondary effects of economic deterioration brought about by rent-seeking (Lujala 2010; Obi 2010; Rosser 2006). Some studies have pointed to a correlation between oil exports and all types of civil wars (Fearon and Laitin 2003; de Soysa 2002). Others have argued that the quantitative evidence suggests a significant link only with secessionist civil wars. They also contend that this correlation is particularly strong in the case of oil vis-à-vis other commodities (Collier and Hoeffler 2002; Collier, Elliott, et al. 2003). While not finding consistently significant correlations in the case of other natural resources (thereby critiquing some of the generalisations made in this literature), Ross concluded that the available quantitative evidence suggests that the onset of civil wars is significantly correlated with oil exports as specific type of resource revenue inflow (Ross 2004).

Studies suggest a varied set of causal mechanisms for insurgent violence, and thus the inability of rentier states to provide order. Some focus on the emergence of insurgent movements. In this vein, Collier and Hoffler focus on the incentives for rebellion as a form of rent seeking by peripheral elites and on the opportunities to finance armed resistance from natural resource revenues. Given this focus on incentives and opportunities, they posit that natural resource endowment is particularly problematic in resource-dependent economies with low income per capita and weak income growth, because the opportunity cost of joining rebellions will be lower, particularly for young men (Collier and Hoeffler 2004). Others focus on the ability of the state to repress insurgencies. Fearon and Laitin, for example, argue that the weakness of formal institutions in rentier states means they are unable to mount effective repression of rebellions (Fearon and Laitin 2003). Finally, in a detailed analysis dealing exclusively with oil states, Ross proposes that low growth, rampant corruption and authoritarian political structures are conditions in which civil war is most likely to break out (Ross 2004).

While the authors cited here focus on insurgent violence, the insights presented on individual incentive structures in the face of precarious livelihoods and persistent conflict are particularly relevant for this dissertation. This is because a focus on subnational variations in local violence automatically controls for the repressive capacity of the state. In this vein, a number of studies sketch the context in which violence takes place. Justino (although not focussing on rentier states per se) posits that the probability of household participation in violent conflict is a function of two variables, household vulnerability to poverty and household vulnerability to violence. The higher the values for either or both of those interrelated variables, the higher the likelihood of participation. Over time and as conflicts develop, furthermore, the possible benefits that both households and armed groups in a certain area may derive from cooperating can explain the duration and specific nature of conflict (Justino 2009). Focussing on three states in the Niger Delta, Oyefusi provides a quantitative survey-based study (n=1,300) of the probability that youth in the Niger Delta participate in rebellion (Oyefusi 2008). Employing what is essentially a rational-choice approach, he argues that individuals will join when the incentives of doing so outweigh the incentives to pursue other types of activities. In essence, opportunities are more central than grievances. Crucially, however, individual calculations are influenced by various community characteristics and other local factors. By manipulating those contextual factors, both the government and rebel leaders can therefore influence the probability of individuals joining rebellion. From this perspective, there is room for specific, local-level arrangements to mitigate conflict by changing individual calculations.

Over time, scholars have levied a number of stringent critiques of studies linking natural resource revenues to conflict, some of which are relevant for the present study. In particular, the criticisms underline the importance of conducting in-depth analyses and case studies. First, a number of authors employ similar quantitative methods but arrive at different empirical results. Brunschweiler and Bulte, for example, point to significant endogeneity problems in the coding of large statistical datasets, with significantly distorting results. When the authors redefine analytical proxies and recode accordingly, they find that the common hypotheses are no longer tenable (Brunnschweiler and Bulte 2008). At the most basic level, this critique draws attention to the potential biases inherent in large scale quantitative analyses. These biases are primarily due to disputes about the coding of data that feeds analytical models. The second strand of critiques focus on broader methodological issues. As such, the quantitative conflict-literature is critiqued for relying on large cross-country statistical dataset which easily over-aggregate trends and cannot account for subnational variations. There is no reliable subnational data on patterns of rentier politics and conflict. The available data, furthermore, merely correlates broad trends and observed outcomes, and cannot easily induce causal mechanisms (Easterly 2008; Di John 2007; Lawrence 2010). Finally, most contributions to this literature are built on rational-choice, economics-based, assumptions about individual behaviour and lack contextual analysis of specific cases (Cramer 2002). Specifically, the context in which individuals make their choices is likely to be contingent upon the structures in which they operate at the local level. All in all, these critiques underline the utility of smaller case studies to understand causal relationships. More specifically, comparative analysis of subnational cases with varying levels of violence is most likely to yield such insights.

Finally, while most studies reviewed above are focussed on the onset and duration of civil war, a more recent body of work deals with the nature of violence committed in the course of civil war. This is where insurgent and local violence most clearly intersect. In many cases, including Nigeria, insurgent violence provides the context in which local violence takes place. Prima facie, particularly violent forms of insurgent violence are likely to constrain the scope for local actors to prevent local violence in the settlement of local disputes. Specifically, Weinstein argues that insurgencies which are financed either by foreign supporters or mining revenues (although he does not specifically speak about oil states) are most likely to commit violence against local civilian populations because they do not need to rely on them for support. In other words, insurgent movements function in a similar manner to rentier states themselves by prioritizing survival and extraction (Weinstein 2007). From this perspectives, in situations such as the Niger Delta where insurgencies and local violence coincide, cases with relatively low violence will be particularly insightful because the causal mechanisms are strong.

Global Dimensions

It has been argued above that the literature on rentier states is missing important global dimensions, including the often destructive role played by oil companies. This is relevant in a number of ways. The first is the *de facto* local governance function of oil companies. Oil companies are responsible for organising the details of resource extraction at the local level. Given the institutional weakness of rentier states, companies are often more present at that level than that of the central government. As they organise their production activities they are forced to manage the daily interactions with local populations, thereby assuming a governance role that is more significant than the state. In Nigeria, for example, people tend to express their grievances directly to the companies, making statements such as “you are the government we can see” (Interview 16). Essentially, local governance in rentier states is privatised.

With respect to the nature of this private governance, a number of studies focus explicitly on the impact of oil companies' corporate social responsibility strategies. Focussing on specific programs, Akpan critiques oil companies' corporate social responsibility policies by the standard of social citizenship. Oil companies in many cases act as de facto governments, particularly in their role of local-level service provision, yet they fall short in assuming responsibility safeguarding the social rights of individual citizens in oil production areas. Instead, their policies are driven by their own corporate objectives (Akpan 2009).

There is no published analysis available that compares systematically the impact of different models of local community engagement in terms of violence. This is despite the existence of vast volumes of “best practice” guidelines intended largely to facilitate continuation of oil exploration activities and “do no harm” in terms of violence and conflict (Banfield, Haufler, and Lilly 2005; IPIECA 2008). Idemudia, however, compares “community foundations” set up by oil companies that allocate development funds in a participatory manner and top-down approaches without community participation. Broadly speaking, he finds that community foundations produce slightly superior results in terms of socio-economic development indicators (Idemudia 2009a). However, one important variable which emerges from his study is the extent to which oil companies are actually implementing the approach in different locations. As will be seen below, this is relevant to studying violence because lack of oil company commitment to community foundation approaches goes some way toward explaining why the expansion of that approach has failed to reduce violence.

The second point which emerges, therefore, is the incentive structure of oil companies as they organise the extraction process locally. Statistically, natural resource companies are more likely to commit to the Global Compact, a UN framework for Corporate Social Responsibility, than other companies. One study attributes this to the fact that oil production, for example, is capital intensive and involves large sunk cost. This eliminates the option of easy exit in the face of conflict, human rights violations and political instability, and creates an incentive for companies to work towards improvements in the governance of states they operate in (Bennie, Bernhagen, and Mitchell 2007). Frynas, however, makes a different empirical observation at the local level in Nigeria. He finds that corporate social responsibility policies generally do not result in sustained development benefits for communities in oil producing areas. Instead, approaches are primarily aimed at ensuring that oil production can proceed without being disrupted by local communities (Frynas 2005).

These two empirical observations are, of course, not necessarily inconsistent since, in reality, policy commitments do not guarantee actual follow through. With this in mind, there are three possible interpretations of the discrepancy between policy pronouncements and corporate activities on the ground. The first would be that, like the rentier state, oil companies are primarily focussed on extraction for profit-seeking purposes. After all, they represent public companies committed first and foremost to creating shareholder value. In addition, the lack of an "exit" option may be interpreted as incentive to protect production at all cost, even if that involved practices that contravene human rights conventions or other international norms and frameworks. From this perspective, undertakings such as the global compact are primarily geared at global audiences and not reflect actual practice. The second possibility is that oil companies face similar principal-agent problems as multilateral organisations (Hawkins et al. 2006). In other words, while senior managers commit the company to observing specific standards, local agents of the company subvert that policy for their own interests. Those may be determined by individual corruption or by the fact that local agents are deeply embedded in local context, including patronage networks. This possibility was mentioned by both human rights activists (Interview 11) and Shell representatives (Interview 37).

The third, and ultimately most plausible, possibility for explaining oil company conduct would involve a mixture of the previous two. From this perspective, it would also be plausible that senior management at headquarters level sign on to international frameworks primarily for public relations purposes, and then tacitly empower local managers and staff in production areas to do whatever it takes to ensure production. As will be seen in the fourth chapter, for example, respondents made it clear that Total does "what is has to do" to ensure production runs smoothly, despite a formal and public commitment to social responsibility standards and social development (Interview 4). This is likely to be cheaper than ensuring that global frameworks for corporate social responsibility are implemented across the company, but would come with the added benefit of obscuring senior management responsibility for local their companies' daily practice. Ultimately, disentangling this issue calls for the kind of comparative analysis which will commence in the third chapter below.

Finally, oil company essentially operate free from regulation in rentier states, due to weak institutional frameworks. For example, burning of associated toxic gases (referred to as "flaring") at oil wells continues to be common place in Africa but is almost completely avoided in Europe, because of the environmental oversight exerted by state agencies there. For example, 70% of associated gases are flared in Nigeria, but only 2.2% in Norway and 0.5% in the UK. In those states, oil companies use those gases for energy production (Tamuno 2010, 1). This is despite the fact that flaring has been technically illegal in Nigeria since 1985 (Social Action 2009b, 17).

This example is significant because the literature recognises the difficulty involved in corporate self-regulation, such as through corporate social responsibility approaches, in the face of weak state regulation frameworks (Graham and Woods 2006). For this reason, efforts have been made by multinational institutions and international donors to identify ways to substitute international regulation for national regulation. The World Bank, for example, has significantly shaped this research agenda by sponsoring influential early publications and financing research (Le Billon 2003; Collier et al. 2003). The policy recommendations emanating from this body of research have also informed a set of explicit and detailed global standards, such as the Extractive Industries Transparency Initiative,[1] and a host of "best practice" conventions, focussing primarily on transparency (Gillies 2010; Ocheje 2006). In the literature on conflict in rentier states, such initiatives are seen as an important way to mitigate conflict in rentier states (Kaldor, Karl, and Said 2007). In a somewhat extreme extension of this line of argumentation,

[1] The Extractive Industries Transparency Initiative is a high profile attempt at improving oil sector governance by enforcing transparency about oil revenue receipts. While it is still too early to assess the impact of this institution, it should be noted that some argue that a focus on expenditures would be more conducive to improving oil sector governance in Africa (Kolstad and Wiig 2009).

Collier has argued for military intervention as the best most cost-effective to provide development assistance in institutionally and economically fragile environments (Collier 2007). While this particular recommendation is unlikely to be implemented, it underscores the mainstream appeal of multination regulation approaches in policy circles.

To date, the most ambitious attempt at attempting to translate the insights gained from research on rentier states into a international regulation program has been the Chad-Cameroon Pipeline Project. In order to mitigate the likely adverse effects of rapid oil revenue inflows in Chad, widely considered a "failed stated," the project combined the construction of oil production infrastructure with a detailed plan for oil revenue allocation and government capacity building. One of the largest private sector investment projects in Africa, the pipeline was conceived as public-private partnership between the governments of Chad and Cameroon, multinational oil companies and the World Bank Group. With its relatively small equity holding, the World Bank's role in the project was primarily geared toward risk mitigation and to ensure that oil revenues benefit broad-based socio-economic development and poverty reduction objectives. In a sense, the Bank assumed the role of mediator between competing interests, most notably international oil business and state elites on the one hand and local populations on the other. It sought to substitute for the lack of state regulatory structures and provide a type of multilateral governance in a failed state. In the end, however, the Project was declared a failure, with the World Bank's complete withdrawal, citing its inability to oversee the allocation of oil revenues. Prior to the Bank's withdrawal, the Government of Chad had continued to use oil resources for overtly political and military objectives. In essence, the project provided infrastructure for oil exports and thereby facilitated production, but fostered few of the governance mechanisms associated with the attempt to overcome the resource curse (Pegg 2009;

World Bank 2009).

The central reason for this failure can be found not only in the inherent difficulties of operating in fragile environments, as argued by the World Bank itself (World Bank 2009), but also in the ultimate orientation of the project, which was to facilitate oil extraction and export by multinational oil companies. Given this orientation, the World Bank as the guardian of the project's socio-economic safeguards did not have sufficient leverage to insist on adherence to the standards initially envisaged by the project. To a large degree, this can be explained with the World Bank's own precarious position in the international system at the time, the significant influence of donors countries that sought to expand oil production in Africa, and its own institutional interests as commercial investor in the project (Mattner 2011).

Empirically, the discussion of the Chad Cameroon Pipelines underlines that international factors and structures have significant effects on domestic politics in rentier states. In the case of Chad, foreign actors helped the country to become a rentier state in the first place, but failed to assist the country in avoiding the negative fallout from this development. Much like the corporate sector literature reviewed above, this also illustrates the importance of understanding the incentives and capacities of foreign actors. In this vein, Krasner has argued that the project essentially represented an attempt by powerful states to establish a system of shared sovereignty in Chad in order to mitigate the effects of state failure and to enable the pursuit of their business interests (Krasner 2004, 111-113). More broadly, oil related aid programs are often limited by political considerations on the part of donors and tend to be too narrowly technical in their design to address the underlying institutional challenges experienced by African oil states (Kolstad, Wiig, and Williams 2008).

By way of conclusion, it has emerged from this literature review that available studies of the local manifestations of conflict and violence in African oil states have little to say about the institutional dynamics that affect violence at that level. The central gap in this literature is the lack of rigorous comparative work that takes into account differences in the formal and informal institutional frameworks in which violence takes place in different locations. There is also very little understanding how international factors affect local conditions in specific locations, and how their impact may vary geographically. The following framework is intended to begin filling that gap. It will develop a set of theoretical propositions derived from the literature which can then be empirically tested through case studies.

Conceptual Framework

The conceptual point of departure for this dissertation is the weakness of formal institutions in African oil states and the importance of oil companies in terms of local governance. The literature review above has demonstrated the link between weak institutions and the persistence of violent conflict. Such conflict arises in different ways in different contextual circumstances but with specific common elements. In the context of African oil states, the literature reviewed above suggests that these can be structured according to the interactions between three major stakeholders in oil production: First, the state seeks to extract revenues from oil production but cannot maintain order more generally. Second, non-state actors have a strong incentive to engage in armed resistance in order to increase their share of oil revenue rents. This is the case both for insurgent groups and specific communities. Third, multinational oil companies seek to continue revenue extraction while providing a modicum of order, which is enough to allow oil production to proceed but not too costly to impede its profitability. The main conflict that arises between these actors is distributional, based on the exceptionally vast disparity between per capita standards of living in oil producing communities and the value of oil produced at installations situated within those same communities.

A Focus on Informal Institutions

Against this background, the following study proposes that the local structures which shape the interactions of those three stakeholder groups may account for levels of local violence. To this end, the analysis disaggregates different types of local institutions and specifically incorporates the role played by both formal and informal institutions. This is because of the well recognised failure of formal institutions at the local level in African oil states. Focussing on subnational variations of local violence offers an excellent case study of the relations between formal and informal institutions because it controls for the formal institutions of the state, which are constant. Migdal's "state in society" approach provides a useful starting point to structuring an analysis of these interactions. Migdal conceptualizes the state as deeply embedded in society and posits that state and society are engaged in a mutually transformative relationship. Rather than focusing on the way in which the pathologies of the rentier state are shaping social outcomes at the local level, Migdal's central premise is that state-society relations are characterised by continuous power struggles in multiple arenas. The nature of these interactions can only be understood by distinguishing vertically between different levels of governance and horizontally between different types of institutions (Migdal 1994).

For the purpose of this dissertation, Helmke and Levitsky provide a useful definition of informal institutions as "socially shared rules, usually unwritten, that are created, communicated, and enforced outside of officially sanctioned channels" (Helmke and Levitsky 2004, 727). Formal institutions, by contrast, are those constituted by the state through legal-rational authority. In the present context, the central distinction between formal and informal institutions is whether they are invested with state sovereignty and are at least theoretically underpinned by a monopoly of force on the part of the state. This means that “private” institutions such as the agreements struck between local communities and multinational oil companies, in the absence of formal state authority to enforce and shape the rules contained in these agreements, represent informal institutions. Helmke and Levitski propose a useful framework for understanding the role played by informal institutions in the context of weak formal institutions: In the context of ineffective formal institutions, as is the case in Nigeria, they propose that informal institutions are either substituting or competing with formal state authority (Helmke and Levitsky 2004, 728).

In the case of substitution, informal institutional arrangements come to fulfil the functions which, in a Weberian framework, would be the responsibility of formal state agents. The outcomes produced by informal institutional arrangements in this instance are convergent, i.e. substantially similar to the outcomes that would be expected to be produced by effective formal institutions. A number of studies, for example, have analysed the ability of small-scale manufacturers in Nigeria to provide regulation of their sector without being able to rely on a reliable government regulatory apparatus (Brautigam 1997; Meagher 2006). Another common area of study in this respect is in the area of service delivery, where non-state actors, such as community associations or rebel groups, have developed their own structures to compensate for the lack of state structures fulfilling those roles. Often cited examples are Somalia (Eubank 2010) and both urban and rural areas in the Democratic Republic of Congo, where formal institutions are almost completely non-existent (Seay 2009; Trefon 2004).

In the case of competition, informal institutions are established by non-state actors in a manner that challenges formal state authority. The outcomes produced by informal institutional arrangements in this instance are divergent, i.e. substantially different from the outcomes that would be expected to be produced by effective formal institutions. This has been the case, for example, in the case of rebel movements which often develop their own system of service delivery in an attempt of strengthening their own authority in specific areas (Schlichte 2009). These structures challenge formal state authority because they are primarily designed to further the aims of rebel groups at the expense of the central state and not merely to fill gaps in the state's capacity to deliver public goods. Another common example are the structures established by aid agencies and development donors in local development programs. These structures, while typically designed with the objective to increase local participation, often duplicate and implicitly challenge formal state institutions (World Bank 2008, 22).

In this study, the focus is on the extent to which informal institutions can substitute for formal institutions. Specifically, the dissertation proposes that the local agreements which govern oil production in different communities can give rise to informal institutions. Those can potentially substitute for formal state institutions and mitigate violence. More specifically, oil production agreements are concluded between oil firms, local communities and the state. They contain detailed provisions for production procedures, compensation in the form of community development allocation and dispute resolution mechanisms. These agreements vary from community to community. Because of the quasi-governmental role of oil companies at the local levels, however, companies are also typically the organizer and facilitator of the agreement, in addition to being a party to it. Where production arrangements include participatory approaches for the allocation of benefits to communities, informal institutions are potentially created which foster peaceful negotiation and settlement of distributional conflicts.

In applying this approach, the dissertation applies a large body of research on how informal institutions at the local level affect violence. In a seminal study of ethnic conflict in India, for example, Varshney argues that informal civil associations and informal networks can account for inter-ethnic violence in the absence of effective state institutions that can mediate conflict. The structure and membership of these informal institutions can help understand conflict, because they offer opportunities for non-violent negotiation between different groups (Varshney 2002).

In a large study of a local development project in Indonesia, furthermore, the World Bank has applied a similar framework to the study of local conflict. The study asked whether the participatory mechanisms contained in a large-scale infrastructure project could serve to mitigate conflict by providing institutional mechanisms to address both local disputes among project participants and grievances about the role of local officials and project staff in resource allocation within the scope of the project. Based on a micro-survey administered in different areas of Indonesia, the study concluded that a reduction in violence emanating from the project can indeed be measured. However, some doubts remain about the sustainability of this effect as well as the potential distortions which were introduced locally by the project itself. The availability of additional infrastructure funds itself could have effected some reduction in violence (Barron, Kaiser, and Pradhan 2009; Barron, Smith, and Woolcock 2004).

Finally, similarly detailed assessment data from Liberia suggests that participatory community projects can increase the capacity of communities to collaborate successfully in specific tasks. The country represents a particularly relevant case studies because of the profound destruction of formal state institutions during the civil war. In one case, Fearon, Weinstein and Humphreys analysed a community-driven reconstruction project funded by the UK government and implemented by the International Rescue Committee (a US non-governmental organisation). They ask whether this relatively brief intervention can have lasting effects due to its participatory approach. In a nutshell, their study finds that the project has improved community cohesion at the local level, measured by individual community member's willingness to contribute financially to a collective project. In a random sample, communities who had been participants in the reconstruction project raised significantly more funds than control group communities who had not participated in this project nor any other, similar, project (Fearon, Weinstein, and Humphreys 2009).[2]

Three additional points need to be made to make the framework sketched above applicable to the study of local violence in African oil states. First, the nature of conflict in African oil states differs dramatically from India, Indonesia and Liberia in the extent to which vast revenues are available for potential redistribution at the local level. Prima facie, this could potentially introduce incentives for violence on the part of all relevant actors. Second, in addition to the state and local communities there is a third set of specific actors in African oil states: multinational oil companies. While foreign aid organisations and donors play a role in many countries affected by violence, including India, Indonesia and Liberia, multinational oil companies follow a distinctively different set of incentives. Specifically, they seek to participate as local actors in the political economy and have every incentive to shape local rules in their favour or even to channel

[2] The examples cited here all show how informal institutions can play a positive role in the mitigation of violence. As will be seen below, informal institutions can also have adverse effects in terms of violence. Positive examples were chosen here because the section aims to develop a theoretical framework amenable to discussion by using empirical evidence from the Niger Delta.

violence in a manner suitable for their corporate objectives. In other words, multinational oil companies are particularly likely to experience conflicts of interests.

Third, close attention needs to be paid to the quality of participation of different actors in the participatory process. There is ample evidence available of the capture of benefits from community driven projects on the part of local elites who control local people's participation in the project structures. They may also empower specific groups with the necessary capacity to take advantage of specific offerings (Gugerty and Kremer 2008). Oil companies may face similar incentives to channel the public goods created toward specific constituencies. There is also a vast power differential between the company and local communities, which creates problems if the company is both the provider of assistance and a stakeholder in the local political process (Garvey and Newell 2005). Similarly, the dynamics created by specific projects remain part of the local socio-economic context. In order to be effective, evidence suggests that project objectives and mechanisms need not only to be sensitive to this context but also contain objectives that are realistic in a given context (Richards et al. 2005). In post-conflict contexts in particular, there is often a tendency among donors to treat community-based activities as a panacea that will yield rapid results.

With these caveats in mind, the causal mechanisms proposed by the studies above, as they relate to informal institutions and violence, can be applied to the oil production arrangements in the Niger Delta which govern the interactions between different local stakeholders.

Proposed Causal Mechanisms

Based on the discussion above, a number of specific theoretical propositions can be formulated. As has been outlined above, the main dependent variable of this study is the level of physical violence in oil producing areas. Violence can be measured quantitatively by surveying the number of deaths and injuries recorded in the community. To the extent that data is reliable, it is an objective measure and does not rely on the perception of actors involved.

It should be stated at the outset, however, that the choice of physical violence was made primarily for heuristic purposes, because it can be relatively easily observed. It does not imply a normative judgement since, in many cases, the structural violence emanating from the political structure imposed on local people can be equally devastating as physical violence (Galtung 1969, 170–171). Indeed, this is the case in some of the case studies analysed below and in other places in the Niger Delta, where there currently is relatively little direct physical violence but local structures are highly oppressive and lead to similar outcomes as acts of physical violence. While an analysis of structural violence would have gone beyond the realistic scope of the present study, structural factors will be discussed throughout the qualitative case study analyses below. Focussing on physical violence also has the additional advantage of avoiding the adverse analytical effects of "conceptual stretching" (Collier and Levitsky 1997), sidestepping debates whether particular instances of oppression and disadvantaging of specific groups represent some kind of violence or not. Given how common egregious acts of physical violence are in the Niger Delta, this particular type of theoretical debate can be avoided altogether without losing focus on the key dynamics in local politics.

The dissertation probes the role of informal local institutions in determining levels of local violence and thus in accounting for different levels of local violence within single oil states. In the specific context of African oil states, disagreements over oil revenue distribution and allocation are the central source of local conflict. The frameworks through which distributional conflicts at the local level are addressed are the production arrangements struck between the state, local non-state actors and oil companies. The informal institutions created by those agreements alter the incentive structures faced by the different stakeholders, including individuals. The independent variables, therefore, center on the nature of these arrangements. This leads to the following broad proposition:

Local Violence is determined by the specific nature of local oil production arrangements which govern the interactions between the state, oil companies and local communities. The impact of oil production arrangements on violence is determined by the extent to which they include provisions that foster non-violent negotiation between different stakeholders. In the absence of formal institutions that can facilitate dialogue and arrive at legitimate agreements (such as accountable local assemblies or impartial local courts), the informal institutions created by the agreement determine the nature of this interaction (Varshney 2002). The basic assumption which underlies the following propositions is that formal institutions at the local level are too weak to manage redistributive conflict. Instead, local government actors become parties in the oil production agreement. Similarly, traditional forms of local representation are parties to the agreement to the extent that they represent local society.[3]

Specifically, production arrangements that determine and allocate local shares of oil revenues through participatory and inclusive mechanisms can lead to lower levels of violence. In this ideal-type scenario, the state and oil companies work with local communities to establish a framework through which redistributive conflicts can be negotiated and violence can be resolved. This approach can be conceptualised as the

[3] "Traditional" is used throughout this study because it is widely used in Nigeria. It is not a comment on the historical genesis or authenticity of those local governance structures.

establishment of informal institutions that are substitutive of the formal institutions which are too weak to mediate local conflict and provide order. Such interactions will take place in the context of a "community foundation" model of community relations. The community foundation approach will be discussed in some detail in the third chapter. In a nutshell, it mirrors the community driven development approaches discussed above by providing resources to local communities in a participatory manner. In terms of violence, the central desired outcome is to foster the development of local-level informal institutions through which locally-specific conflicts can be mitigated in non-violent ways.

Conversely, production arrangements that determine and allocate resources in a top-down manner most likely result in higher level of violence. In this ideal-type scenario, oil companies redistribute oil revenues according to their own corporate criteria. There is no input from communities except for some elite participation in disbursing funds, with the concomitant risk of cronyism and the adverse economic effects widely associated with it. While it allows for co-optation of local elites for the purpose of suppressing local discontent and preventing resistance to oil production, this arrangement establishes no informal institutions for negotiating distributional conflicts. It is thus more likely to lead to violence in the long term, because local elites are rarely sufficiently cohesive to prevent fracturing and subsequently violent elite competition. In addition, oil companies have no incentive to be loyal to one specific local elite faction and may see to play different groups against each other, in order to weaken their respective bargaining power vis-à-vis the companies.

However, this basic proposition needs to be qualified by the following subsidiary propositions, according to which empirical cases can be analysed. Those propositions are derived from the framework developed above and the relevant insights from the literature.

1.) *Oil company approach.* The success of community foundations is contingent on the commitment of oil companies to the approach. In the local politics of oil states, oil companies occupy a peculiar position. They are stakeholders in local processes, and thereby parties to the community foundations at that level. At the same time, they are also the providers of community compensation funds and the organisers of the participatory process. Against this background, the key variable is the commitment of companies as stakeholders to the rules and procedures implied in the community foundations and participatory projects they themselves have sponsored. In order to reduce violence, companies would be expected to fully adhere to those processes and subsume all their community-related activities in them. There could be no parallel interactions that may be at cross purposes to the information institutions generated, such as direct negotiations and potential payments for specific members of the local elites, but not others.

2.) *Structure and choices of local leadership.* The success of community foundations is contingent on local politics. As has been argued above, community foundation approaches do not take place in a vacuum. They are deeply embedded and interactive with local processes. In this vein, levels of violence are affected by the structure of local leadership. Where local elites are united, they have two choices in their interaction with oil companies. The first option is to cooperate with those companies and seek to be co-opted by preferential access to oil revenues and community projects. This would enable them to establish local level patronage structures and thereby protect a system of power which protects their preferential access to resources. Such a scenario would likely lead to low violence because elites and oil companies can cooperate effectively in governing a given area. The second option for united elites is to resist. In this case, violence is the likely outcome since there are few institutional channels for non-violent interactions and negotiations between the different local stakeholders. In cases where elites are split, by contrast, high violence is likely under most scenarios. If some elements of the local elite have been co-opted, the status quo is likely to be challenged by rival elites who feel they could benefit from changes in the arrangement. In the context of resistance, oil companies can exploit those divisions among local elites in order to weaken their opponents by fomenting intra-community conflict.

3.) *Nature of repression.* Even though oil states are often unable to provide order across their territories, they generally have significant repressive capacity at their disposal. The literature review above has made clear that rentier states are highly successful at protecting the sources of their rent accumulation despite persistent violence. This implies that states and companies make strategic choices on where to allocate their repression assets. In general terms, it can be expected that those allocations will be made in areas that are particularly important to the rentier system as a whole. In those specific locations, violence will be relatively low because of the intensity of repression. In locations that are relatively less important to the rentier system, a significant degree of violence can more easily be tolerated.

Potential Alternative Explanations

The subsidiary propositions outlined above represent some degree of alternative explanations related to oil company policies, the structure of local elites and intensity of repression. However, patterns of violence could also be the result of factors that are entirely unrelated to oil production. In those cases, oil revenue inflows may lead to conflict and possibly violence, but this conflict can be seen as expression of a previous layer of conflict which impedes peaceful negotiation and conflict-settlement. If this was the case, the design and implementation of oil production arrangements would be unlikely to account for differing levels of violence, because the informal institutions created by those arrangements provide avenues for the negotiation of distributional conflicts only. This negotiation would be ineffectual in the face of pre-existing layers of conflict. The literature on conflict includes a very large array of theoretical possibilities, including primordial identities and historical grievances based on post-colonial state building (Rothchild 1983). Sensitivity to such alternative explanations is a key strength of the proposed qualitative case study comparison. Comparing convergent cases within a single state automatically controls for a host of alternative explanations by keeping them constant. In addition, the qualitative, interview based fieldwork approach maximises the likelihood that relevant locally-specific factors are identified and taken into account. Finally, specific cases were chosen to minimise the relevance of potential alternative explanations. The case selection framework is discussed in the following section.

Research Design

As one of the oldest and most diverse African rentier states, Nigeria offers an excellent opportunity to test the validity of the framework developed above. The centerpiece of this study is a set of subnational case studies of oil-producing communities in the Niger Delta region of Nigeria, to test the propositions proffered above. More specifically, the design of this case study analysis broadly follows the method of structured, focused comparison (George and Bennett 2005, 67–73). This method has two specific advantages: First, it is "structured" because it standardises the questions asked across cases. In doing so it creates a set of comparable data points, which can be qualitative or quantitative, and thereby allows for the validation or falsification of causal mechanisms. Second, it is "focused" because it limits questions asked to specific aspects of the cases analysed. While originally developed in the context of qualitative foreign policy analysis, where the challenge was to induce theory from a set of vastly different cases while avoiding undue abstraction based on single cases, the method can also be usefully applied to comparing a set of subnational cases. In this context, its main utility is to ensure that theoretical inferences are based on structural observations which are verifiable across cases, as opposed to conjecture based on recent events observed by interview respondents. The method also helps avoid undue attention to historical or contemporary contextual details which do not carry explanatory import.

Employing a structured and focussed case study approach is amenable to theorising based on the empirical reality observed at the micro level, while avoiding the pitfalls of over-aggregating observations commonly experienced by macro-level studies. The resulting mid-range theory provides a specific set of generalisations which help nuance macro theories and provide more specific guidance to policy makers (George and Bennett 2005, 8; Skocpol 1985). In their attempt to chart a course for future work on informal institutions, in fact, Helmke and Levitsky call for exactly such mid-range theory in the guise of what they refer to as "rigorous small-n comparison." They argue that this is a particularly fruitful research avenue to pursue because "with-out losing the sensitivity to context that characterizes case studies, small-n analyses can begin to identify patterns of informal institutional effects, formal-informal institutional interaction, and informal institutional change" (Helmke and Levitsky 2004, 734). This encapsulates the theoretical objective of this dissertation.

Case Justification and Selection

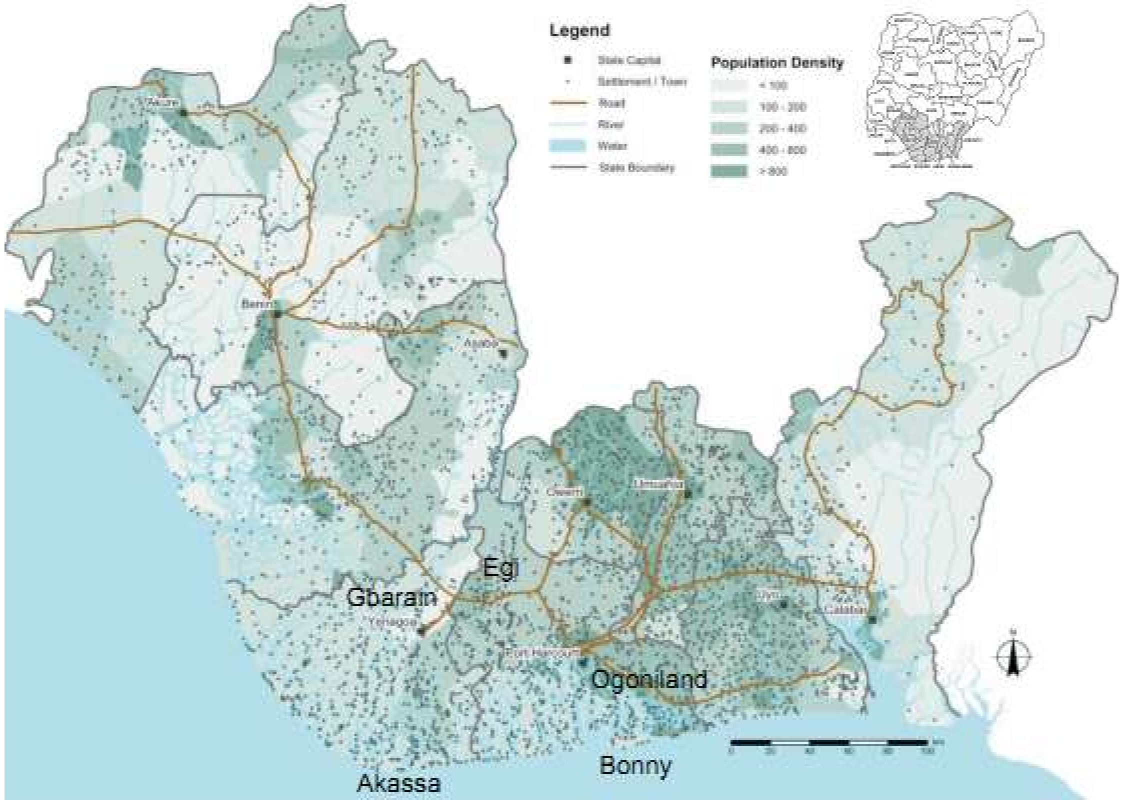
The study's unit of analysis is the clan level of traditional governance. In Nigeria, local communities are governed by an interlocking system of formal and traditional governance institutions. In this system, the traditional governance institutions are vested with power to regulate internal community affairs. This is a legacy of the indirect rule exercised through traditional rules during the British colonial period which is prevalent across much of Sub-Saharan Africa. Given the weakness of local governments, the study will delineate cases according to traditional governance units. The most relevant one in this respect is the Clan level at which agreements with oil companies are typically concluded (Interview 16). It refers to a set of communities linked by one traditional ruler, and which usually share some cultural and social affinity and continuous boundaries (Ereba and Dumpe 2010, 28). Within the clan, the typical traditional hierarchy is: Paramount chief, council of chiefs of the different communities, community development committee chairman, leaders of the youth and women's councils. Each community in turn has its own set of traditional institutions. The terms clan and kingdom are generally used synonymously, with the paramount chief of a clan referred to as king.

The analysis centers on four case studies: Bonny Clan, Egi Clan and Ogoniland in Rivers State,[4] and Gbarain Clan in Bayelsa State. Case studies were selected based on variations in the dependent variable (violence), according to the method of difference (van Evera 1997): In Ogoniland, local violence is high and has resulted in suspension of oil production. In Egi and Obunagha, local violence is high but production can nevertheless continue. In Bonny, local violence is currently low. In addition to these four case studies, the analysis also discusses the Akassa Community Foundation in Akassa Clan, Bayelsa State. It is the most successful community foundation in the Niger Delta and serves as a model case for the community foundation approach. Local violence in

[4] Ogoniland differs from the other cases because it consists itself of six clans. However, it is treated as a single case here because it is treated as such in much of the literature and in discussions with oil companies.

Akassa is low and it therefore provides a baseline for analysing the four case studies.[5]

Map 1: Case Study Locations



Source: Adapted from Report of the Technical Committee on the Niger Delta (2008, 98).

Employing this method of inductive reasoning allows for causal analysis of differing outcomes observed across cases by maximising the similarities of those cases. Comparing multiple cases within a single state, furthermore, controls for a host of macro-level variables. Specifically, the "failure" of formal institutions at the central level is well recognised across Africa and can thus be held constant in all cases. While international and national-level variables, such as global standards for oil revenue management or the mechanisms by which electoral politics influences revenue redistribution from the center to the periphery will remain relevant, they are constant for all case and thus, in themselves, will not hold explanatory value for the differences in violence observed.

[5] Fieldwork in Akassa was impossible due to insecurity on the waterways leading there, not in Akassa itself.

Prima facie, the specific case selection goes some way towards controlling for a number of variables: First, the case studies involve only European and North American oil companies (Chevron, Total and Shell). While the details of their specific approaches to local operations and corporate social responsibility may differ (resulting in the different oil production arrangements observed on the ground), their overall sensitivity to the issue can be held constant in principle. This is important since the key proposition of this study centers on oil company approaches to relations with local communities. In general terms, the main analytical fault line here is between first and second tier oil producers (Pegg 2006). First tier producers are large, Western multinational oil companies. Their sensitivity to corporate social responsibility is uniform because they operate in the global financial market and therefore face similar pressures on corporate conduct. In some cases, consumers in their home markets also display a degree of sensitivity in this respect. Their home governments, furthermore, are signatories to international agreements such as the Revenue Transparency Initiative and the UN Global Compact which include specific rules for oil companies in conflict zones. Second tier oil producers, by contrast, are emerging companies from states outside the Organization of Economic Cooperation and Development, in particular China, Russia and South East Asian countries. They are seen to be more independent of international and national pressures on their corporate conduct.

Second, public security in the Niger Delta is a federal responsibility. Most public security is provided by the army, which is under federal control. Theoretically, different states may have different political ability to request the services of the army and thereby influence the provision of public order. However, given the importance of oil revenues for the central budget, security provision can be assumed to be constant. In addition, all case studies are located in two Federal States only, Bayelsa and Rivers. This partially controls for variations in the ability of Federal State governments to direct army attention to specific areas. As will be seen, however, this does not preclude choice of allocation of security assets to specific locations that are of particularly importance to the rentier state.

Third, case studies were chosen in areas were oil production has a long history. This significantly reduces the likelihood that local conflicts and eruptions of local violence are completely unrelated to oil production arrangements. In one way or other, all local conflicts are likely to have been incorporated in the distributional conflicts created by the large socio-economic footprints of oil production facilities in the communities. The remaining possibility is that pre-existing conflicts, be they ethnic, inter-generational or class based, impact on the informal institutions established by oil production arrangements. In fact, this is highly likely and recognised in the framework above in terms of the structure of local leadership. For example, leadership can be divided according to other conflict factors or conflict between elders and youths. Sensitivity to such contextual factors is a particular strength of the proposed case study approach and can be easily incorporated in the contextual analysis of each location.

Data Collection and Measurement

The study analyses two types of data. First, it reviews some descriptive data on local violence. The purpose of this is understand whether different oil company approaches to community relations are indeed correlated with different levels of violence. In this respect, the central challenge to this project is the scarcity of easily-available and comprehensive empirical data. There is no public data set on local violence for the Niger Delta. Against this background, the study does not aim to build a complete statistical dataset of actual incidents of violence and their changes over time. This would not be feasible because of the lack of historical data and pervasive insecurity in the region which makes large-scale sampling impossible for outside graduate researchers. Even within local communities, the incidents of violence and their changes over time are often difficult to verify. Instead, the analysis focuses on validating the broad categorization of the case studies into cases with high or low levels of violence, and their correlation with specific revenue distribution mechanisms. The available data is sufficient to make this distinction. It is drawn primarily from published information, the accounts of interview respondents, and Nigerian newspaper reports. Newspapers were either collected locally during or accessed via the African newspaper research database Allafrica.com, which has extensive archives of Nigerian newspapers.

Second, the dissertation analyses qualitative data collected during fieldwork in case study locations. This analysis aims to test the causal relationship between oil production arrangements and levels of violence in more detail. More specifically, individual interviews were conducted with two sets of respondents: First, representatives of oil companies, government employees and staff of relevant non-governmental or international organizations. All informants had direct or indirect dealings with the case study locations. Second, community leaders (elders, chiefs, community group leaders, etc) in the local communities which form my case studies. This interview strategy targeted public figures with knowledge of the negotiation dynamics between oil companies, the state and local communities. The objective of those interviews was to gather data on the interactions between these different stakeholders and the extent to which oil production arrangements offer avenues for non-violent conflict resolution. Given this research strategy, mass surveys or focus groups were not conducted because they are unlikely to provide relevant insights. Similarly, field research did not employ other sample techniques to gauge popular attitudes toward oil production in case study sites. While this could have been potentially informative in terms of the potential basis for mobilization to violence, conducting such work was impossible because of security considerations.

Broadly speaking, interviews focused on three sets of issues, depending on the identity of the specific respondent. First, the *outputs* associated with local oil production arrangements. A broad set of proxies for this are the provision of infrastructure and local services, such as roads, health clinics and fresh water supplies (given rampant oil pollution in the Delta swamps). Interviews focused on the mechanisms of their funding as well as the sustainability of dealing with follow-on costs. Second, the extent to which *access to and allocation of* those outputs is equitable within the community. This is a largely qualitative issue that can be gauged by interviewing as many members of local society as possible. For the hypotheses above to be valid, allocation should not be skewed toward specific local interests at the exclusion of others. Third, the *process* by which redistribution is negotiated. The bulk of the interviews therefore focused on the decision-making process behind overall levels of local revenue allocation, the choice of how revenues are allocated and the mechanisms in place to address redistribution-related disputes. Interviews also sought to gauge the extent to which those mechanisms were employed by local communities to address broader conflict issues, as hypothesised in the analytical framework above.

Interview Approach and Challenges

The interviews were conducted in a semi-structured format. This choice is in line with the methodological approach to case study analysis in this dissertation. Specifically, conducting semi-structured interviews had three important advantages. First, following common guidelines across interviews ensures that the same issues are covered and that no potentially significant issues are left out. Given security considerations, this is the closest this study could come to developing a standardized data set in field locations. Second, the flexibility inherent in this approach allows for an appreciation of the priorities held by interviewees and lets them determine the course of the conversation within pre-set parameters. Especially in a context where secondary and empirical primary data is scarce, this approach affords the researcher with crucial flexibility to respond to issues as they arise locally (Devereux and Hoddinott 1993). Third, this flexibility also ensures that interview subjects are not forced or incentivized to speak about issues they do not feel comfortable discussing with outsiders. In the specific context of the Niger Delta, the safety of informants is a crucial ethical consideration.

Given the potentially sensitive nature of the issues discussed during interviews, all respondents were offered complete confidentiality prior to commencing interviews. This raises a challenge of maintaining referencing. Given the relatively small circle of potential interviewees in each field location, it could be easy to reconstruct the identities of informants had reference been made to their specific social or professional positions. An indication of such positions, however, may be important so that the reader can gauge the meaning of certain statements within a given context. The thesis therefore employs a system of generic positions which balance contextual insights with confidentiality commitments. Where relevant, further clues about the respondents qualification to make certain statements is given in the text (Wilson 1993).

One potential limitation to the selection and interview framework is the fact that, for practical fieldwork considerations, the specific choice of fieldwork locations and respondents was not random. Instead it was determined by two considerations. The first was security. Fall 2010 was a relatively peaceful period in the Niger Delta. As such, there were fewer instances of kidnapping of foreign visitors, which is the most relevant security concern for researchers traveling overland. This could primarily be attributed to the Amnesty Program with which the Government of Nigeria had sought to provide incentives for disarmament of insurgent fighters (see third chapter). However, kidnapping incidents continued to occur and this risk had to be incorporated into fieldwork plans. It was therefore impossible to visit certain communities at the time the visit had planned. For example, while a set of interviews was planned in Eastern Obolo, Akwa Ibom State, a series of kidnappings on the road from Port Harcourt necessitated a change of this plan. The second consideration was the difficulty of obtaining access to specific respondents as a foreign researcher on a relatively brief research trip. The main source of contacts in the Niger Delta were a number of pre-existing professional connections as well as local research assistance. Based on these initial contacts, snowball techniques were also employed to make further contacts during fieldwork.

These two considerations could potentially introduce a bias in the analysis presented here by constraining the pool of different perspectives available during interviews. For example, respondents in communities that could relatively easily be visited by foreign researchers might have had a relatively more benign experience in terms of violence. Similarly, respondents who are connected to networks accessible to foreign researchers might bring potentially distortive agendas to the interviews. Those could be related to advocacy objectives, seeking to portray the situation in the Niger Delta in a specific light, or with personal objectives, such as seeking potential research or consulting contracts and skewing responses to that end.

The main strategies employed to avoid such biases were to maximise the heterogeneity of the sample by using as many different avenues as possible to identify respondents independently from each other. For example, not all field trips and not all respondents were suggested and planned by the research assistant. In the end, visits were made to a set of communities with widely differing experiences in terms of violence and the role of foreign oil companies. In addition, in the analysis, respondents' perspectives are analysed with reference to secondary materials and with reference to each other. The semi-structured approach to interviews also made it possible to discuss (anonymously) statements made by respondents. This proved very helpful on a number of occasions. In the end, those strategies make it relatively unlikely that sampling introduced significant biases into the analysis without being detected.

Conclusion

This chapter has framed local violence in the Niger Delta as an instance of institutional failure. Having reviewed the pertinent literature, it has shown how little is known about the formal and informal institutional dynamics of subnational violence. It has then proposed a conceptual framework to begin filling that gap. The following chapter will sketch in more detail the political economy of oil production in Nigeria and the nature of local violence in the Niger Delta. Subsequent chapters will then contain detailed case study analysis.

Chapter 2: The Political Economy of Local Violence in Nigeria

Nigeria is the oldest and largest oil rentier state in Africa. It is also the continent's most populous and most diverse country. Against this background, a myriad of competing demands are placed on oil revenue allocation. Most claims are made on a group basis, which is sometimes expressed in ethnic terms, and are articulated within the logic of Nigeria's complex and ever-evolving federal arrangements. Those arrangements are the main way in which revenue distribution is negotiated and have historically served to enrich the political centre at the expense of the periphery, particularly the Niger Delta. Disaffection with the status quo of the Nigerian rentier state is the main driver of various types of violence.

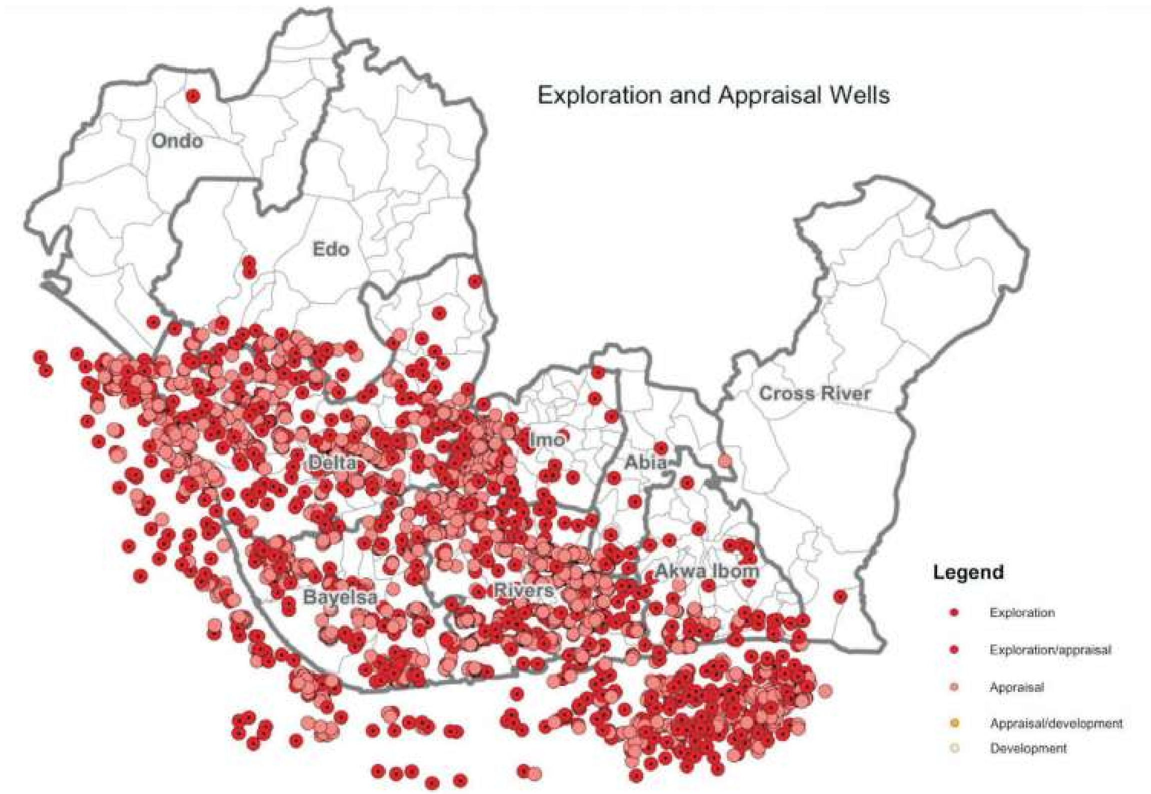
This chapter is to analyzes the political economy within which contestation over oil rent allocation takes place. It breaks down the specific nature of claims made on oil revenues and the types of violence that often arises from these claims. The discussion is intended allow a structured analysis of the interaction between different types of violence and different types of oil production arrangements in the subsequent chapters.

The Structures of Revenue Accumulation

Nigeria is a rentier state dependent on oil revenues. Oil was first discovered in 1956 in Ogoniland (present-day Rivers State), just prior to independence in 1960. Production started in earnest in 1959 with approximately 5,100 barrel per day. In 1971, Nigeria joined the Organization of Petroleum Exporting Countries (OPEC) as part of the organisation's membership expansion in the late 1960s and early 1970s. In 2010, Nigeria exported approximately 2.2 million barrels of oil per day and had proven reserves of approximately 37.2 billion barrels. This puts it in the top 10 of global oil producing countries and makes it the 4th largest foreign oil supplier to the United States, which receives over 40% of Nigerian oil exports. In line with global trends, furthermore, Nigeria's natural gas production has increased steadily in recent years. In 2009, Nigeria produced 820 billion cubic feet, exporting roughly two-thirds while the rest was used mostly for domestic electricity generation. It has the world's ninth largest proven reserves (187 trillion cubic feet) and the largest in Africa. As such, Nigeria is heavily dependent on the oil sector in particular, which accounts for approximately 95% of export revenues and 40% of direct government revenues (USEIA 2011).

Geographically, oil production is concentrated in the six Niger Delta states: Akwa Ibom, Bayelsa, Cross River, Delta, Edo and Rivers. They account for approximately 92% of national oil production but merely 15% of the national population. The largest producer states are Rivers (37% of the national total) and Akwa Ibom (21% of the national total). Since the late 1990s, offshore oil and gas production has expanded rapidly, partially as a result of insecurity on-shore. Given that the Niger Delta is a coastal area, however, this has not altered the allocation of oil rents within the federation. Finally, gas production is also concentrated in the Niger Delta region (Iledare and Suberu n.d.). The spatial distribution of oil production in Nigeria is illustrated in Map 2 below. Incidentally, the map also illustrates how densely clustered production facilities are across the Niger Delta. In many communities, oil production has become an integral aspect of daily life because it literally cannot be avoided.

Map 2: Location of Oil Exploration and Appraisal Fields



Source: Report of the Technical Committee for the Niger Delta (2008, 101).

Nigerian oil and gas are highly sought after in global markets. This is due to three main reasons. The first is the specific type of crude oil produced in Nigeria, which lends itself to being refined easily and is more highly priced than the North Sea variety, for example. The second reason is the geopolitical trend towards non-Middle Eastern oil, which has lead to an expansion of African production in particular. In this context, Nigeria could also benefit from the increase in demand for natural gas, which is part of the same broad trend towards energy diversification. Finally, Nigeria's specific location on the Gulf of Guinea facilitates easy shipping to the United States.

Despite these favourable conditions, however, Nigerian oil production has stagnated in recent years. Present oil production volumes are at approximately the level of the early 1980s and significantly below their peak of 2005 (USEIA 2011). This can be attributed to two issues: The first issue is a weak system of formal regulation which complicated investment in the oil and gas sectors and provides inefficient economic incentives, primarily due to rentierism. The second issue is the persistent violence and instability in the Niger Delta, which complicates and increases the cost of production. It also creates significant losses due to oil theft (referred to as "bunkering"). This figure does not, of course, say much about the profitability of oil companies. Some argue that their business model hinges on exploiting the unconstrained nature of doing business in a fragile environment (Frynas 1998). Approximately 1,000 people died due to oil-related violence in the same period (Technical Committee on the Niger Delta 2008, 9). It underscores the magnitude of this crisis that, statistical details and coding conventions aside, countries with more than 1,000 battle-related deaths are generally considered to be in civil war (Sambanis 2004, 816).

The remainder of this chapter will cover the issues of governance and violence in turn. Following this brief introduction, this study will make no distinction between oil and gas because both are produced and traded in similar ways. First, from the perspective of local communities, both require the construction and maintenance of wells, pipelines and terminals throughout the Niger Delta. While natural gas leaks do not pollute water and soil, they carry the risk of serious explosions. Second, both oil and gas revenue rents accrue to the state in similar ways. Third, oil and gas production is dominated by largely the same multinational oil companies. This is due to the capital intensive nature of gas production and the preferential access to gas fields afforded to existing oil producers. One of the case studies analysed below, Bonny Island, mostly centers on a Liquefied Natural Gas terminal and storage facility.

Corruption in the Oil Sector

Oil production in Nigeria is organized through different types of joint-ventures between the Nigerian state, through the federal oil and gas company Nigerian National Petroleum Corporation (NNPC), and foreign oil companies. While there are more than 24 foreign producers in the country, the system is highly skewed toward the top four foreign companies: Shell, ExxonMobil, Chevron Nigeria and Total. They accounted for nearly 83% of total oil production in 2008 (Iledare and Suberu n.d.). Shell is by far the largest operator, accounting for roughly a third of total Nigerian oil production. Its oil production activities in Nigeria are part of the Shell Petroleum Development Company of Nigeria, which is a joint venture the Nigerian state and other oil companies which hold small minorities.[6] Because of its long history in Nigeria, Shell is relatively more reliant to older fields onshore than other companies. This means that the company is particularly exposed to violence, since offshore fields are relatively safer (although attacks by boat have recently increased), and that it plays a more prevalent role in local community affairs than other companies.

Production joint-ventures between the companies and NNPC are organised either on a revenue-sharing or a production-sharing basis. In both cases, the Nigerian state holds the majority stake through NNPC. The actual production, however, tends to be the responsibility of a designated foreign partner in the joint venture while the other partners are primarily financial investors. This is highly significant for local communities in on-shore production areas because the producing partner therefore determines the joint-venture's approach to community relations. For this reason, communities in the Niger

[6] Shell's oil production joint venture with the state and other minority shareholders is known as the Shell Petroleum Development Company of Nigeria (SPDC). The two will be treated as synonymous here.

Delta are exposed to a significant variety of oil companies and community engagement approaches. Case study analysis is a particularly appropriate tool to understand the interaction between production arrangements and violence.

The Nigerian oil sector's governance challenges are legion. The most central concerns are a lack of revenue transparency and corruption, which has taken epic proportions (Revenue Watch Institute 2007). President Ibrahim Babangida, as head of the Military Government from 1986 to 1993, was found to have embezzled US$12 billion in windfall oil revenues. His successor General Sani Abacha stole approximately US$3.5 billion from the federal purse in the following four years. According to Human Rights Watch, military rule turned Nigerian politics into an "exercise of organized corruption" (Human Rights Watch 1999, 6).

Gillies locates the main corruptions risks in five areas, which aptly summarise the main governance challenges in the federal oil sector as the whole (Gillies 2009, 2–3): First, the federal executive and its agencies often allocate licences for exploration, prospecting, and mining licences on the basis of favouritism and patronage networks. There is very little transparency in the allocation process. Second, individual government officials often receive large bribes to secure their approval of specific oil sector contracts. In all joint-ventures, NNPC officials must approve individual contracts once they cross specific thresholds in terms of value. Those values are relatively low by international standards and thereby inflate the scope for government involvement, creating entry points for corruption. Third, companies often pay officials to speed up inefficient and bureaucratic administration procedures. Relevant bottlenecks include individual visa requirements for each expatriate worker, and customs regulations for importing spare parts for production facilities. Fourth, large amounts of crude oil are regularly stolen ("bunkered") and resold on the black market. Estimates of the amounts of crude oil involved range from 100,000 to 600,000 barrel per day. This is likely done with high level backing from senior official and also involves attacks by armed groups, which use bunkering as a way to finance insurgency. Fifth, there are massive irregularities in the complex system which governs international trade in oil. In essence, NNPC issues export contracts for traders who organise crude oil exports. Similarly, it issues import contracts for refined petroleum products. Since Nigeria's refinery capacity is notoriously low, most petroleum products used in Nigeria are imported. This results in a lucrative trade with high potential for corrupt practices in the allocation of export and import licences. According to a confidential 2009 briefing by senior Shell staff, for example, both the NNPC's General Manager and the First Lady at the time personally received millions of US$ per tanker shipment (US Embassy Abuja 2009b, para. 4).

More specifically, the system of oil industry regulation is weak. In this respect, the main challenges to formal government oversight include low capacity of the Department of Petroleum Resources (DPR), which is the main oil sector regulator; intrusion of the NNPC into areas of oil sector regulation and oversight (resulting effectively in a partial self-regulation of this parastatal); lack of NNPC accountability; and an overall lack of incentives for economic efficiency (due to rentierism) (Gillies 2009, 2). In fact, the Department of Petroleum Resources was a unit within the NNPC until 1988. According to a leaked US embassy memorandum, oil company staff are often unsure if the NNPC is acting as regulator or commercial party in specific interactions (US Embassy Abuja 2009c, para. 6). In addition, the NNPC itself is deeply corrupt (Thurber, Emelife, and Heller 2010). In general, federal accounts are notoriously opaque. There is no systematic data on corruption in Nigeria and only unreliably audited federal accounts (Interview 38).

This significantly obstructs oversight and creates and environment in which corruption can easily thrive. One further specific issue in this respect is that foreign oil companies generally self-assess their production volumes and concomitant payment obligations to the NNPC and the federal government. This precludes opportunities for audits and thereby creates incentives for corruption and underreporting on the part of foreign companies.

A final feature of the regulatory framework of Nigeria's oil sector is the prominent role of international oil companies. Beyond their immediate role as producers, oil companies have come to occupy a central political space in the rentier political system. The extent of Shell's role in this system, for example, was revealed in recently leaked memos from the US embassy in Abjua obtained by Wikileaks. According to one memo, Shell's Vice President of Africa stated to the US Undersecretary of State that the company was always one step ahead of attempts to regulate it more stringently. This was because Shell had "seconded people to all the relevant ministries and that Shell consequently had access to everything that was being done in those ministries" (US Embassy Abuja 2009c, para. 10). In addition, state elites appear to be reluctant to accord a more significant role to Chinese oil companies at the expense of the major producers (US Embassy Abuja 2009a).

Top-Heavy Fiscal Federalism

Conflict over oil rent allocation has been a defining feature of Nigeria's post-independence history. With oil production concentrated in the Niger Delta region, the country's federal structure is at the heart of this issue. At present, Nigeria comprises a total of 36 federal states. The origin of Nigeria's federal system lies in British colonial rule, when a way was sought to facilitate governance in a highly diverse country comprising two historic regions (North and South), three major ethnic groups (Hausa-Fulani in the North, Yoruba in the South West and Ibo in the South East), a myriad of smaller ethnic groups, as well as an almost equal number of Christians and Muslims. In essences, changes to the federal system were driven by the centre's desire to weaken centrifugal forces in the oil producing South East region which were seeking to increase their control over such resources.

In the standard depiction of the post-independence period, this federal system evolved through five key stages. The immediate post-independence First Republic (1960-66) was divided into three (later four) large regions, dominated by one ethnic group and one party based on that group. During subsequent military rule (1966-79), those regions were divided into a growing number of federal states, totalling 19 by the end of that period. In essence, this represented a response to the Ibo-led war of secession (known as "Biafra War" internationally and as "Civil War" within Nigeria), in which Ibo elites sought to gain control over local oil resources. The increased number of states was intended to strengthen national unity by shifting the political centre of gravity toward the national level. By breaking up the Ibo-dominated South-South region into smaller federal states, the likelihood of repeated attempts at secession was to be reduced. The civilian Second Republic (1979-83) then saw a further shifting of political powers from states to the federal government. When the military returned to power in 1984, it further increased the number of federal states to a total of 36. This period also saw particularly severe repression and corruption, which increased ethnic and religious-based resistance at the periphery (Iledare and Suberu n.d.).

Finally, civilian rule was reinstated in 1999. During this period, the Presidency has been held by the People's Democratic Party PDP with two transitions of power through elections. The first was from Olusegun Obasanjo (a Christian Southerner and former military ruler) to Umaru Yar'Adua (a Muslim Northerner), amidst a chaotic 2007 election in (Iledare and Suberu n.d.). The second followed Yar'Adua's death in office in 2010, when his deputy Goodluck Jonathan assumed office and won presidential elections in 2011. Jonathan became the first Nigeria president of Ijaw ethnicity, which is the Niger Delta's second largest ethnic group. This is significant because it contradicted an alleged "gentlemen's agreement" amongst PDP leaders that prescribes a rotation of the Presidency between North and South. In addition, the inhabitants of the Niger Delta had high hopes in a President from their region.[7]

Within this framework, the inhabitants of the Niger Delta states have little control over oil revenues and the modalities of oil production. Jurisdiction over petroleum-related matters is firmly located in the federal realm. As such, the 1999 Constitution states that the Federal Government shall retain "control of all minerals, mineral oils and natural gas in, under or upon any land in Nigeria, its territorial waters, and exclusive economic zone" (Federation of Nigeria 1999, sec. 44, 3). It also places the regulation and management of the petroleum industry under the exclusive legislative domain of the Federal Government (Iledare and Suberu n.d.).

These basic principles of federal resource control are enshrined and reinforced by a number of statutory provisions and regulations. According to the Petroleum Act, the Federal Governments retains exclusive proprietary rights over the country's petroleum resources. As such, licensing of commercial activities related to oil production is the exclusive domain of the Federal Ministry of Petroleum Resources. The Land Use Act, furthermore, provides "for an extraordinary level of government control over land use and

[7] This was evident during many conversations during fieldwork, which occurred just prior to the elections.

transfer.” (Human Rights Watch 1999, 68). This is particularly relevant in two ways: First, land use is matter of federal jurisdiction. The central government can control and acquire land anywhere in the federation, trumping the power of state governors and local governments in this realm. Second, the Act defines land to be under state ownership in principle, rather than privately or communally owned. In many cases, the federal government can acquire land that was legally or customarily owned prior to the promulgation of the Act and provide only limited compensation. For local communities, this means that any land is subject to state acquisition at any time, with few avenues for legal redress (Iledare and Suberu n.d.; Omeje 2006b, 220–222).

Oil revenues are centrally collected and shared among the Federation’s constituent parts according to basic principles set out in the Constitution. As of early 2010, Federal Account revenues were allocated as follows: 48.5% to the federal government, 26.7% to the states, 20.6% to local government councils and 4.2% to centrally controlled special funds. Subnational units at every level share their allocation on the basis of the following formula: 40% in equal shares to each unit, 30% according to population, and 10% each according to social development needs, geographic size and internal revenue generation effort. The “derivation principle” further allocates 13% of oil revenues to the administrative unit from which the revenues originate, which has been one of the most contentious issues in the post-colonial period (Federation of Nigeria 1999, sec. 162; Iledare and Suberu n.d.).

In this respect, it should be emphasised that the Federal Account is notoriously nontransparent. According to interviews, there is no information on capital flows into the Federal Account. In other words, while disbursement figures are available, there is no way of knowing how much is siphoned off through corruption at the centre (Interview

38). Finally, the proposed new Petroleum Industry Bill would allocate 10% of oil revenues directly to local communities. It has been widely criticized, however, on the grounds that there is no institutional capacity to manage this allocation within communities and the vague language of the bill, which does not clarify whether "10%" refers to overall revenues, company profits or government shares of oil revenues (Interview 1). Discussions on this issue were ongoing in late 2011.

The Niger Delta Crisis

In terms of socio-economic development, local populations in oil producing areas and the Niger Delta at large have not benefited from oil production. According to the United Nations Development Program (UNDP), the region suffers from "[…] administrative neglect, crumbling social infrastructure and services, high unemployment, social deprivation, abject poverty, filth and squalor, and endemic conflict" (UNDP 2006, 9). The present crisis in the Niger Delta is therefore a socio-economic development crisis underpinned by a crisis of formal governance.

Economic Deprivation

Local populations bear the brunt of oil production in the Niger Delta. First, in terms of socio-economic development, key indicators on education, health, infrastructure provision and the state of the environment are all worse for the Niger Delta than for the rest of the country. The Niger Delta region had a 2005 poverty rate of 71%. A central issue is employment. In 2006, only one in seven young people had regular, formal employment. The rest was making ends meet on precarious employment or other sources of livelihood creation (Technical Committee on the Niger Delta 2008). To some extent, this can be attributed to the capital intensive nature of oil and gas production, which offers little employment for local populations. The employment opportunities that do exist often result in price distortions in the local economy, because oil-related wages are exponentially higher than the wages prevalent locally. As will be seen in the case studies below, allocation of existing employment opportunities is a key source of conflict in many communities. In addition, companies are frequently accused of choosing capital intensive modes of operation when labour intensive alternatives exist. This also extends to community development projects where roads, for example, could be built with labour intensive methods which are standard in development projects elsewhere. During fieldwork, no convincing answer other than patronage and corruption could be found as to why firms made this particular choice.

In terms of development indicators, the Niger Delta has higher infant mortality rates, post-neonatal mortality rates, HIV-AIDS prevalence rate than the rest of Nigeria. The vast majority of Niger Delta citizens, and over three-quarters of people in rural areas, lack access to safe and unpolluted drinking water (even though the Niger Delta is one of the largest wetlands in the world). The quality of education is low, despite the fact that four-fifths of children in the Niger Delta attend primary schools. Only 34% of the population has access to electricity supply, which is notoriously unreliable. Finally, while most of the discussion relating to development in the Niger Delta focuses on rural areas, it should also be noted that urban housing is a pressing problem. In Port Harcourt, the capital of Rivers State, for example, between 50,000 and 100,000 people (of a total estimated population of 550,000) are living in shanty towns (Higgins 2009; International Crisis Group 2007; UNDP 2006).

Second, the Niger Delta's ecosystem has been severely degraded by oil related activities. This has had a devastating effect on the region's primarily rural and agricultural population. One major element of this damage are the frequent oil spills which have poisoned large areas of the Niger Delta wetlands. This pollution has dramatically reduced agricultural and fishery yields, which had a profound effect in largely rural communities. It is estimated that 260,000 barrels of crude oil have been spilled in the Delta every year for the last 50 years (USEIA 2011). This is approximately the amount spilled in the course of the Exxon Valdez disaster in Alaska. Another element of pollution in the Niger Delta is the practice of gas flaring. The gases set free in the course of oil exploration are routinely burned off at the drilling site, producing toxic smokes that poison water and endanger the health of local populations (Amnesty International 2009).

Human Rights Violations

The human rights situation in the Niger Delta is dire. The local population is exposed to severe human rights abuses and both structural and physical violence. There is a clear link between the kinds of deprivations outlined above and the choices made by oil companies and the state. They therefore qualify as distinct human rights violations in their own right (Ibaba 2011). In addition, local people stand little chance of leaving their communities because they either lack the requisite resources or because communities elsewhere in Nigeria are not willing to receive them. This "polluted trap" forces many to actively participate in the local economy of violence by bunkering (stealing) oil or working for oil companies, instead of pursuing farming or other vocational activities (Azam 2009). Poor people are also disproportionally affected by pipeline explosions caused by vandalism and oil theft (which is frequently committed by puncturing pipelines in order to draw the oil that is flowing through them) (Onuoha 2009). Observers estimate that "thousands" of people have burned to death in the course of attempting to steal oil since 1998 (IRIN 2008).

In addition, the state (through the police and military forces), oil company security teams and insurgent militias regularly commit human rights abuses. Such violations are well (if not exhaustively) documented. While there is no exhaustive database of incidents, the respected annual *Human Rights Scorecard* produced by the Port Harcourt-based Center for Environment, Human Rights and Development serves as illustrative example.

Table 1: Human Rights Violations 2008-2009

Year	**Severe police brutality, including extra-judicial killings and torture**	**Military abuses against civilians**	**Militant attacks and kidnappings**	**Severe pollution from oil companies**
2008	22	29	126	10
2009	28	13	62	5
Total	**50**	**42**	**188**	**15**

Source: Compiled from incidents listed in Naagbanton, Amadi, and Ikomi (2009) and Naagbanton, Obodoekwe, and Kpalap (2008).

Generally speaking, the end of military rule in 1998/99 has brought with it a significant opening of political space in Nigeria overall. While repression and human rights violations remain widespread throughout the country (US Department of State 2011), there has been a significant reduction in political repression. In the Niger Delta, however, those improvements appear to have been mitigated by the structure of the rentier state. Specifically, the way in which oil production continued to proceed locally and the political structures in which production is embedded meant that there was only limited "democratic dividend" for the region. Human rights violations continued unabatedly (Human Rights Watch 2002). This observation is particularly central for the present study because it justifies its focus on institutional arrangements and the structural mechanisms of oil production, as opposed to the changing policies pursued by subsequent governments.

Weak Institutions

Weak state regulation and poor governance is at the heart of this crisis (Newsom 2011; UNDP 2006). With respect to environmental regulation, in theory, oil companies are required by law to comply with global environmental and safety standards, there is no effective oversight of this rule. The federal government has repeatedly extended deadlines for oil producers to eliminate flaring, which continues unabated to this day with Nigeria presently displaying the highest flaring rates in the world. Pipeline leaks are frequent. With respect to service delivery, oil resources have largely bypassed the areas of production inhabited by local communities. The funds allocated to them by derivation, furthermore, are largely lost to corruption at all levels of formal governance. The local government structures responsible for service delivery are too weak to allocate the remaining resources sensibly and are themselves mostly concerned with the consumption of oil rents. At this level, formal state institutions have almost completely decayed and service provision in the Niger Delta is in severe crisis, including in urban areas (Omar 2009). This is particularly relevant since the delivery of basic services, including education, health, housing, water, and waste disposal is a responsibility of state and local governments (Odoko and Nnanna 2008, 5).

The capacity of state and local government institutions is even more affected by corruption than is the case at the federal level. To some degree, this can be attributed to the rentier nature of fiscal transfers from the centre, which remove any political accountability to revenue allocation decision since revenues are not derived from taxation. Within the logic of fiscal federalism in Nigeria, federal states and, to some extent, local governments have become their own sources of local rents by being entitled to federal allocations. This is one of the reasons for why the number of federal states has steadily increased over time. According to Watts, Nigerian politics has become a “massive state making machine,” as the number of federal states has grown from three to 36 and the number of Local Government Areas has grown from 111 to 774 since 1970 (Watts

2006, 132). As new states are established to provide access to patronage, the administrative capacity of those new states has tended to remain low.

From a political perspective, furthermore, the increase in the number of states has meant that the relative influence of each state on decision-making at the centre has diminished. This has left the centre to pursue policies aimed at maximising rentier objectives and further cement its control over fiscal flows, facing little sustain political opposition. While this process has its origin in the period following the civil war, when elites at the center sought to divide and weaken potential secession movements by turning the federation into a de facto unitary state (Ekeh 1998), it has continued in recent times. Bayelsa State in the Niger Delta, for example, was split off from Rivers State in 1996. Even more recently, militant leaders have demanded the establishment of additional state and local government units as a way to increase revenue flows to the local level (Ujah and Ochayi 2008).

Transparency and accountability are sorely lacking in state governance. According to Human Rights Watch, 31 governors were indicted or brought under investigation for corruption-related offences in the period of 1999-2007. These included a number of former governors, including from Delta, Bayelsa, and Rivers States in the Niger Delta (Human Rights Watch 2008). With respect to the management of public finance, furthermore, a report of Bayelsa State found that the budgeting process was nontransparent and specific figures were difficult to obtain. In addition, there was only a scant relationship between budgets and the actual allocation of funds. Finally, fiscal flows between the state level and units of local government were particularly unclear (Medupin 2009, 1–4).

Local governments are similarly affected. According to a 2007 Human Rights

Watch report on Rivers State, for example, the chairman of Khana Local Government Area received a total of US$376,000 in salary and allowances in 2005. This represented "nearly half the total amount allocated for the wages and allowances of Khana's 325 health-sector workers" (Human Rights Watch 2007, 56) During fieldwork in the Niger Delta in the fall of 2010, it was often impossible to physically locate local government representatives. In many cases in Bayelsa and Rivers States, it turned out that the Local Government Chairmen had made their private homes in the state capitals Yenagoa and Port Harcourt, respectively, and only rarely appeared in person in their offices.

The mid-term review of a UK-funded local governance project offers a pertinent glimpse into the reality of local governance in the Niger Delta - after the project had already been implemented for two years. First, the report corroborates the fieldwork observation that Local Government Area (LGA) staff are frequently absent. In the case of Kolokuma/Opokuma LGA in Bayelsa, for example, the consultants observed a staff attendance rate of "well below" 10%. LGA offices opened at 10:30am and most of them had closed by 2:00pm (Bedford and Oluwasuji 2011, 34). More revealing, however, was the lack of expectations that local people had in the ability of local government to deliver services. Most were unaware of the specific responsibilities of local government: "It has been so long since the LGAs have taken up their full responsibility that for the most part, the constituents are not aware of what they should expect from their LGAs. When asked about basic local infrastructure, the majority believed that the State was responsible and the rest had an overwhelming belief that 'only God can provide'" (Bedford and Oluwasuji 2011, 33). A set of baseline studies conducted prior to the project, furthermore, offer additional observations from two LGAs in Rivers State. These reports underscore the frustration many people feel with local government, which they perceive as unresponsive to their needs and unable to provide for the specific needs of local communities. Because the local budget and decision making processes are inaccessible, only few people participate in local government (Living Earth Nigeria Foundation 2009a, 2009b).

Finally, the system of traditional community governance has equally been affected by corruption. For this reason local leaders are generally not able to substitute for weak state institutions in a manner that would be conducive to improving the daily lives of people in the Niger Delta. This is due primarily to the fact that local elites tend to be deeply implicated in the operations of oil companies and have profited from them. Specifically, companies have long tended to look to traditional authorities as representatives of local communities, regardless of whether particular rulers are backed by local communities or not. Traditional governance has come under sustained challenge by youth groups in recent years, who accuse local chiefs of monopolising the flow of oil-related resources for their own personal benefit and to the detriment of local communities. In the violence that has resulted from this challenge and the Niger Delta Crisis more generally, the overall authority of traditional leadership has been severely undermined (Ibeaunu and Luckham 2007, 88; International Crisis Group 2006, 21).

As will be seen in the subsequent chapters, the state has effectively retreated from both service delivery and regulatory functions at the local level. This void is particularly apparent at the community level in oil producing areas, where oil companies are left to regulate their local affairs and their relationships with communities (Amnesty International 2009, 40). According to oil company officials interviewed for this study, for example, local people in those areas typically bypass local government entities when expressing grievances related to infrastructure provision or service delivery (Interviews 15, 16). Instead, they refer to oil companies as the “government we see” (Interview 16).

Companies are loath to accept the notion of being a quasi government, primarily because they fear that it will lead to further demands and obligations in the future. In reality, however, they have come to occupy a central role in service delivery, building roads, electricity installations and schools as a means of improving relations with local communities. They also devise their own approaches to conflict resolution. Those will be discussed in the subsequent chapter. But first, the following sections discuss the claims that are made to contest the status quo of oil revenue allocation and the different types of violence that ensue.

The Bases of Protest

In the context of the Niger Delta crisis, oil revenue distribution has been challenges in a variety of ways. The following section delineates the three main strands of claims which can be identified: Claims based on broad group affiliation, claims based on generational affiliation and claims based on host community affiliation. Specifically, the first claim is directed against the present nature of fiscal federalism, which is seen to privilege some ethnic groups over others and should be changed to reflect a "just federalism." The other two claims are only partially directed against the state, and partially against other groups as well as the oil companies, given the weakness of state institutions at the local level. As will be seen below, the claims are interactive in the sense that the broader claim of just federalism provides both legitimacy and urgency to the subsequent claims.

The discussion of those three claims is intended to provide background on the subsequent discussion on the different types of violence in the Niger Delta. It also provides context for the subsequent case analysis. As will be seen, those different claims and the violence they engender, intersect in locally specific ways. The objective of this study is to understand the extent to which company-sponsored community development projects can mediate those claims and prevent the violence often associated with them.

Just Federalism

The central conflicts over oil revenue allocation in Nigeria are situated within minority politics in Nigeria as a whole. Much like the country's federal system, ethnic consciousness in Nigeria has been significantly shaped by colonial rule when 250 linguistic groups were brought under one administrative system. Local political elites operated within the colonial system, building on British beliefs about tribes and ethnicity, to build ethnically-defined support bases. This resulted in a crystallization of ethnic identities. In the years prior to independence, smaller ethnic groups, such as the Ogoni of present-day Rivers State, were thus transformed into minority political groups. Following independence in 1960, the three administrative regions of the First Republic each came to be governed by the dominant ethnic group. The dominant groups were Hausa-Fulani in the North, Yoruba in the South East and Igbo in the South West. Smaller groups tended to see themselves as confronting a kind of majoritarian dictatorship dominated by ethnic-based parties, a political system in which they were unable to compete (Mustapha 2000, 86–87).

As oil production expanded over the years, the logic of the Nigerian rentier state meant that revenues accumulated at the center. Because of this, ethnic groups in the South West, where oil production is located, did not benefit from the country's newfound wealth. In the immediate postcolonial period, the first rupture created by this conflict was the civil war (1967-70). While only partially about oil, it saw the South West, led by Igbo elites, seeking to leave the Federation. In the violent repression and defeat of secessionist forces that followed, however, the centre asserted its control over the Niger Delta periphery and laid the foundations for the Nigerian rentier state and oil production continued to expand rapidly. Crucially, this reassertion took place on the basis of an alliance between state elites and foreign governments and international oil companies, who had both supported the Nigerian government in repressing the secession (Ibeaunu and Luckham 2007, 45).

Against that background, the basic way in which group-based claims to oil revenues in the Niger Delta are articulated resonates with the language of "ethnodevelopment" (Stavenhagen 1990). In a nutshell, "[e]thnodevelopment means that an ethnie, whether indigenous, tribal or any other, maintains control over its own land, resources, social organization, and culture and is free to negotiate with the state the kind of relationship it wishes to have" (Stavenhagen 1990, 90). This language frames access to resource rights primarily in terms of third generation human rights. These are collective groups rights, particularly exercised by minority groups within entities controlled by specific majority groups, and rights to socio-economic development more broadly conceived. As can be seen from the previous discussion on the political economy of oil, this perspective is highly relevant for Nigeria. In the specific context of the Niger Delta, such claims have been articulated in the langue of ethnic identities. This narrative is broadly consistent with Bates' claim that marginalised groups in post-colonial societies tend to use ethnicity as currency in order to mobilise for greater access to resources (Bates 1974).

Among the most significant and high-profile examples of group claims to resource rights in Nigeria is the one made by the Ogoni, an ethnic group in Rivers state.[8] It is used as example here because the Ogoni claim to resource rights is particularly well, and explicitly, articulated (Bob 2005, chap. 3). The Ogoni were also among the first groups to

[8] Ogoniland is a case study discussed in more detail in the fifth chapter.

frame their case in terms of just federalism in the later phase of military rule. In this manner, they can be considered to have paved the way for subsequent demands for oil revenue allocation on the basis of group rights (Ibeaunu and Luckham 2007, 65).

The Ogoni have no common myth of origin, but assert their community by shared language, farming methods, custom and tradition (Osaghae 1995, 328). Using the language of ethnodevelopment, they claim to be locked in what they refer to as internal colonialism: A clear-cut political subordination in which the central state exploits resources while marginal minorities are made to bear the cost of this extraction without benefiting from it (Naanen 1995, 49–50). Ogoniland was the first area of Nigeria in which oil was discovered and subsequently turned into a key production area for Shell. After independence, minority groups like the Ogoni saw in collaboration with the central state the only way of limiting the power of majority-dominated federal states, whose number increased constantly. During the Civil War, for example, Ogoni leaders firmly backed the federal camp and actively fought against secession, for fear of being further marginalized in a newly independent Biafra.

By the early 1980s, however, the central state had turned from key ally to one of the major obstacles for the realization of minority interests. This was a result of a number of developments. First, the increasing concentration of political and economic power at the centre lead to a change in the allocation formula for oil revenues and a dramatic decrease of oil revenue for local communities, just as oil was becoming the backbone of the national economy. Second, the exploration of oil led to environmental degradation which destroyed traditional peasant or fishing economies without providing viable economic alternatives or adequate community services (Mustapha 2000, 95–96).

In response, the Movement for the Survival of the Ogoni People (MOSOP) was founded and issued the *Ogoni Bill of Rights* in 1990. This came at a crucial period during one of the most repressive periods of the military government. The Bill of Right's key demand was that that oil revenues should no longer be transferred to the central state but should be controlled by the Ogoni themselves. It also called for political autonomy within the federation, improved representation at the centre based on ethnicity, cultural and linguistic development and environmental protection (Welch 1995, 640).

While minority groups in Northern Nigeria continued to direct their resistance against the majority group prevalent in their region, the Ogoni focused their resistance on the now de-facto unitary state. The uprising of the early 1990s therefore marked a new era in the politics of minority and oil (Ejobowah 2000). Not only did the Ogoni attempt to assert their cultural and ethnic distinctiveness but they also demanded an administrative recognition of that distinctiveness and the control over oil resources produced in their area. However, this did not entail demands for outright secession but rather a demand for an Ogoni state within a newly-restructured confederation of Nigeria (Osaghae 1995). Crucially, it also entailed the demand that all foreign oil companies (Shell being the predominant one) cease operations in Ogoniland and that their operations are to be nationalized.

Sani Abacha's military regime responded with repression. In 1995, the "Ogoni Nine," a group of nine Ogoni leaders including the writer Ken Saro-Wiwa were hanged on account of their leadership roles in MOSOP and the Ogoni struggle more broadly. Today, the situation in Ogoniland continues to be unresolved. The community has not gained control over resources, but the state and Shell have been unable to continue production in the area. The inadequate response of the Nigerian state, which is trapped in the centralizing logic of its rentier political economy, is at the heart of why demands for local oil revenue control often result in significant violence.

As the Ogoni had opened space for group-based contestation of oil revenue allocation, other groups followed suit and were encouraged by the political space which was created with the end of military rule in 1999. A number of ethnic groups have since formulated their own Bills of Rights, including the Ijaw, Urhobo, Ogbia and Ogba (all in the Niger Delta). The most prominent political alliance arising from these declaration is the one of the Ijaws, Nigeria's fourth largest ethnic group and second largest group in the Niger Delta. Influenced by the experience of MOSOP, Ijaw elites formed a number of different organisations to advocate for a reallocation of revenue flows within the Federation (Ibeaunu and Luckham 2007, 68).

Going back to Bates' argument that ethnicity is often a tool for political mobilisation in competition for resources (Bates 1974), the actual content of such ethnic identities is not as important as the political salience given to those identities by political mobilisation. In the case of the Ogoni, it appears to have been the case that identity formation has been largely top-down and facilitated by MOSOP (Isumonah and Egwaikhide 2009; Isumonah 2004). Similar dynamics are most likely at work for other ethnic groups in the Niger Delta.

Within the context of these broad, group-based narratives, there are two more specific claims that are made in the Niger Delta. They are based on the identity of "youth" and the identity of "hosts" who live in production areas. Those claims permeate communities' daily interactions with the state, oil companies, and local elites. However, they are framed by the broader ethnic based claims, which have served to consolidate the local perception that community life takes place within a state that is deeply and structurally unjust (Egwaikhide, Isumonah, and Ayodele 2009). Broader claims have also created the perception of ownership over oil resources, in the sense that people living in areas where resources are produced are entitled to make legitimate claims to those resources.

Youth Movements

Youth is the second category in which claims are frequently made. By way of background, youth groups are a potent mobilising force in politics across much of West Africa. In the context of group based claim for adjustments to the flow of oil resources in Nigeria, youth groups have also become increasingly important constituencies. The rise of youth groups in the Niger Delta can be understood a direct outcome of the plunder of oil resources in the context of the rentier state and local concerns about community security (Gore and Pratten 2003). In this vein, youth groups build on and are a part of the space for mobilisation created by the broader movements outlined above. However, the thrust of youth demands is not only directed against the state but also against other sections of local elites and the oil companies directly.

In essence, youth groups' main claim is that the alliance between the state and oil companies has proceeded with the complicity of local elites, and at the detriment of youth. This is partly the result of the mechanisms of oil company interactions with local communities. In order to sign local production agreements and organise the delivery of compensation, companies rely on traditional leaders to navigate the local context. This puts those leaders in a privileged position to benefit from rent seeking themselves and build local power structures based on patronage. In many places, this has lead to conflict between chiefs and other traditional leaders on the one hand and youth groups on the other, as youth leaders have challenged the status quo. As will be seen below, the issue of "youth restiveness" is prominent in the Niger Delta and permeates most of the case studies considered here. It is also at the root of a considerable amount of violence committed by insurgents as well as within local communities (Gore and Pratten 2003, 70).

Youth leaders are powerful members of local leadership in most communities. In this context, like ethnicity, youth represents a key category of group mobilisation in the context of the Niger Delta crisis. It is worth noting, therefore, that there is no clear definition of what constitutes a "youth" and that the category can be adjusted in locally specific ways. During fieldwork for this study, respondents generally felt that people under the age of 40 can be referred to as such. Some added the caveat that youth ends with marriage and having one's own family. Similarly, Oluwaniyi found that the oldest respondent to a survey of 200 randomly selected members of youth associations in four Niger Delta communities was 40 years old. Most respondents were between the ages of 24 and 30. However, Oluwaniyi also points to the context-specific and socially constructed nature of the youth category. Specifically, his respondents mostly agreed when he offered as definition that "any member of the Niger Delta community who feels strongly about participating in the struggle to liberate the region from the Nigerian State and the oil multinationals." According to the Ijaw Youth Council Leader at the time, even 60 year old men would be welcome join this particular struggle (Oluwaniyi 2010, 311–313).

Host Communities

The third and final type of claim is specifically local. Host-based claims can be related to demands for increased benefits from oil revenues, improvements in specific production practices (such as changes in pipeline locations) or demands for increased compensation payments for environmental damage paid by oil companies, which are typically inadequate (Amnesty International 2009, 70–73). These claims are mostly articulated in spatial terms and based on occupancy or ownership areas of land that are affected by oil production. As such, local claims can be made at a small-group level, such as specific communities, villages, or neighbourhoods. They can also be made in individual capacities by land owners and people living near oil installations, including wells, pipelines and terminals.

In essence, such local claims revolve around the concept of "host," on whose land production is located. This concept has been used by oil companies to indicate the area affected by their production activities, and therefore eligible for different types of compensation within the framework of corporate social responsibility (Idemudia 2009a, 135; Zalik 2004, 406–407). While companies, more recently, have expressed commitment to area-based approaches (see third chapter), the concept and label remains popular with communities themselves. It is used in a number of different iterations, including "oil producing communities," and "oil bearing communities," which were all encountered during fieldwork. In essence, the host community approach has shaped its own category of claims to oil revenues, which are set against the prevailing narrative of group based claims in a given region.

While local claims are distinct from the previous two claims, they are linked in a number of ways. First and foremost, the generational cleavages outlined above are also visible at the local community level. This means that villages making claims against oil companies are often split between traditional leaders and youth representatives as to who is empowered to put the claim to the oil company and enter into negotiations with them. This split is often based on the fact that monopolising the interactions between oil companies and communities carries with it the power to allocate local contracts and community development funds provided by the companies. In Obunagha community, Gbarain Clan, for example, both local youth leaders and traditional leaders vie for this access to oil companies. Second, local claims are buttressed by the language employed in broader group claims. In other words, in making specifically local claims, local leaders may feel they are part of a larger narrative of "just federalism." This kind of conviction is likely to strengthen the resolve behind making the claims.

Host-based claims carry a with them a profound connotation of justice. In Chevron production areas were community compensation funds were allocated on a community-wide basis, for example, individuals who owned plots of land most immediately affected by company installations felt this was unjust. In a study of the company's experience with local communities, such respondents felt that they should be given additional compensation based on their land ownership. While this may be expected, it is particularly noteworthy that those people would have also preferred to receive additional individual allocations and benefits, instead of community-wide benefits (Search for Common Ground, Consensus Building Institute, and RTI International 2008, 18). Similarly, during fieldwork in Gbarain, a leading community representative expressed that it was not "fair" for all members of the community to receive equal compensation and benefits from oil companies. He felt that there had to be some recognition of who owned the land on which the actual production was taking place (Interview 29). As will be seen below, such intra-community cleavages are easily exacerbated by oil companies and may quickly lead to violence.

While the broader group-based claims discussed above are directed at the nature of Nigerian fiscal federalism, host-based claims are mostly directed at the local mechanisms of oil production. Given the weakness of the Nigerian state at the local level, this means that such claims are articulated directly to oil companies that serve a quasi-governmental function at the local level.

Two Types of Violence

With opening of political space brought about by the end of military dictatorship in 1998/99, oil related claims began to turn increasingly violent (Ibeaunu and Luckham 2007, 64). At the level of broad analytical generalization, the claims analysed above have resulted in two types of violence: organized rebellion and local violence. These two types of violence are ideal-type categories intended to facilitate the subsequent case studies. Both are related interactively in a number of ways. First and foremost, the broader insurgency creates an overall environment of violence that make smaller scale local violence more acceptable, and potentially more severe. Second, state and oil companies have responded with repressive violence to the insurgency. This has created a mutually enforcing system as community-based agitation has become more violent in the face of a more repressive alliance between the oil companies and the state (Ibaba 2011). The violent and non-violent responses adopted by the state and oil companies are discussed in the subsequent chapter.

Insurgent Violence

Over time, claim for just federalism have given rise to insurgent-type violence in the Niger Delta. While most insurgent groups continue to justify their actions in terms of group rights, many have morphed into criminal extortion and kidnapping rackets. The majority of academic and journalistic works on the Niger Delta deal with this type of violence. A discussion of the local dynamics of this type of violence is important for this study because it deeply affects the daily lives of communities. As the literature above has shown, furthermore, the nature of intra-community relations is likely to be affected by a context of severe violence. Indeed, the case studies in subsequent chapters will show how informal institutions within communities struggle to absorb the challenges posed by insurgent violence. A definition of insurgent violence has been provided in the first chapter. In this context, the term “organized” is to be understood loosely. It is not intended to denote disciplined units with rigid chains of command but merely serves to distinguish broader movements from more ad hoc forms of local violence, which are more locally specific. Given that these are analytical distinctions, it is possible of course for a single community to be affected by both types of violence, as will be seen in the case studies.

The Niger Delta has a long history of various types of rebellions seeking to change the system of revenue distribution. Key examples include Isaac Boro’s agitation for an independent Ijaw-based Niger Delta Peoples Republic which would have canceled all oil contracts with the central government in 1966, Ken Saro-Wiwa’s advocacy of an Ogoni Bill of Rights and founding of MOSOP in 1995-97, and the 1998-2000 Kaiama Declaration which sought Ijaw self governance, resource control and the withdrawal of oil companies and Nigerian security agencies(International Crisis Group 2006, 4–5, 24; UNDP 2006, 16–17). Since 2006, the most prominent violent insurgency movement has been the Movement for the Emancipation of the Niger Delta (MEND). It is an umbrella organization for numerous militant groups and has conducted attacks on oil and gas installations (both onshore and offshore). In 2008, this insurgency is estimated to have cost Nigeria approximately US$23 billion in oil revenues and over 50 separate attacks. About 1,000 people were killed during that period (Technical Committee on the Niger Delta 2008, 9). MEND is also responsible for a number of kidnapping incidents as well as attacks against symbols of the Nigerian state. For example, it managed to explode a car bomb in Abuja during the official celebrations of Nigeria’s 50 years independence anniversary on 1 October 2010. Eight people were killed in this attack which was noteworthy because it took armed resistance to the national capital and because the car bomb exploded not far from where President Jonathan was to partake in the celebrations (Percival 2010).

In recent years, various factions who may or may not perceive themselves to be part of MEND (given that allegiance is informal, often hard to verify and local strongmen claim to be part of MEND because it provides an ideological justification to their actions) have increasingly turned to acts of extortion and kidnapping against oil companies and other high-value targets, as well as oil bunkering (theft). It appears that within this profit-maximizing approach to organized violence, objectives relating to the betterment of socio-economic conditions of local people as a whole often take second stage (Schmidle 2009; Watts 2007). Others, however, argue that violence is indeed driven by the struggle against the deep inequities in the Niger Delta, with activities such as kidnapping merely representing efficient ways to finance and sustain rebellion (Omotola 2010). In many cases, furthermore, this transformation of insurgent violence into “something more akin to American gangland fights for control of the drug trade” (Collier et al. 2003, 77) is linked to local militias acting as “for hire” agents for oil companies and rival local politicians (Ibeaunu and Luckham 2007, 41).

As the previous section has shown, the impact of this type of violence on the Niger Delta population is significant and pervasive. However it is also hard to quantify beyond the documentation of specific instances. Many instances probably remain unreported. The case studies below with discuss the ways in which insurgent violence impact specific locations. For illustrative purposes with respect to number and types of incidents, the Technical Committee on the Niger Delta (a government committee tasked with finding a solution to the Niger Delta crisis) provides a list of militia attacks and their impact on oil production during a period of particularly prevalent militia violence (see Table 2 below). However, it is impossible to assess the extent to which this list is complete and there are likely to be unreported cases.

Table 2: Militia Attacks and their Impact 2006-2008

Year	Total number of attacks	Number of persons killed	Number of persons kidnapped/taken hostage	Number of persons injured
2006	14	52	27	-
2007	23	80	55	30
2008	29	185	31	0
Total	**66**	**317**	**113**	**30**

Source: Compiled by Ibaba (2011, 251) from Technical Committee on the Niger Delta (2008, 116–118).

Reliable data on specific groups is equally scarce. With respect to the background of different groups, Naagbanton points out that armed groups are generally drawn from the ranks of pre-existing community defence groups, vigilantes, ethnic militias and street/creek cult gangs (Naagbanton n.d., 10). Their activities are facilitated by the relative abundance of small arms in the Niger Delta, which are regularly (and illegally) imported, because of either lack of enforcement capacity or collusion of state security institutions (Hazen and Horner 2007; Naagbanton n.d., 18–19). In terms of the number of different groups, Naagbanton delineates 15 main groups (Naagbanton n.d., 10–18). Asuni estimates that there were a total of 60,000 members of armed groups in the Niger Delta as of 2007. She further quotes a 2007 Delta State study, which concluded that there were 48 recognisable groups in the state along, with 25,000 members and 10,000 weapons. The number and complexity of groups had risen rapidly in previous year, along with their access to ever-more sophisticated equipment, including speed boats which allowed for attacks on oil facilities offshore (Asuni 2009, 3).

Local Violence

The second form of violence is locally-specific violence, occurring mostly at the community level. Broadly speaking, this violent can be acts of sabotage of oil installations (flow stations or other infrastructure facilities) or intra-community violence in which specific groups attack each other. In some cases, there have also been acts of violence against contractors of oil companies, including local level kidnappings not connected to the types of more organized kidnappings discussed in the previous section. (Akpan 2010). They can be analytically distinguished from insurgent violence by their locally-specific motivation. While insurgent violence is either the result of broad group claims or group-specific objectives, this type of violence is generally the result of the objectives or grievances of specific host communities or a reflection of conflict within those communities. In essence, they can be defined spatially.

Local violence in the Niger Delta has a long history. An important moment in this respect was the violent state response to protests in the village of Umuechem in 1990. At that time, local villagers marched in protest to express their needs for schools, water, electricity and jobs. These local demands have since become common across the Niger Delta and have been left unaddressed to this day. Since the march was directed at Shell facilities, the company requested support from state security agents, in this case the paramilitary Mobile Police. The security forces repressed the protest, and left 80 villagers dead and 400 houses destroyed (Human Rights Watch 1999, 112; Ibeaunu and Luckham 2007, 68). This incident foreshadowed the pattern for local violence across the Niger Delta for many years to come. Specifically, it raised the levels of violence because communities themselves realised that in order for their demands to be met, peaceful protests would generally not suffice. Instead, communities themselves began to attack oil installations and blockage company sites. In essence, community leaders had realised that the only way to draw attention to local level concerns was by obstructing oil production in their own communities. This insight was amplified by the fact that other avenues of remedy were not (and continue to be) unavailable. First and foremost, oil companies dragged their feet on environmental clean-up and refused to provide compensation payments that were adequate given the scale of environmental pollution. Second, communities had few alternative avenues to get their grievances addressed, given violent state repression, the weakness of judicial mechanisms of conflict resolution and the corruption and ineffectiveness of local governments (Amnesty International 2009, 64–82).

This is not to say, however, that non-violent local protests do not also occur. Women's groups in particular have grown adept at bringing oil production to a halt by staging blockages of oil company facilities (Ekine 2008).[9] In a recent high-profile instance, for example, women's groups occupied both Shell and Chevron pipelines in Delta state in August 2010, reducing exports at Escravos terminal, one of Nigeria's biggest export facilities (Arubi 2010). In another instance, women from Ondo State (adjacent to the Niger Delta) travelled to Lagos and occupied the Chevron's national headquarter building for over two days, forcing the company to suspend business there (Shosanya 2010). This form of non-violent protest, however, is often flanked by violence by other sections of the local community, the state or oil companies.

Local violence can also occur within specific communities. This is because local

[9] Gender analysis is important in the Niger Delta (and elsewhere) because women tend to have particularly poor access to services and opportunities. However, women do not tend to mobilise for oil revenue allocations on the basis of gender per se. Instead, they make claims in line with other local groups. The type of women's protest illustrated here has therefore been subsumed under host community claims.

communities are divided by a variety of categories, including ethnic, generational and cleavages between “hosts” and ”non-hosts”. A prominent example, albeit in a more urban setting, is the "Warri Crisis" of the late 1990s/early 2000s, when violent conflict over oil revenue allocation assumed ethnic overtones and eventually shut down about 40% of Nigeria's oil production (Human Rights Watch 2003). Similarly, the allocation of local benefits through oil company projects can be severely contested within communities and lead to violence according to specific group lines. This was observed first-hand on a 2005 trip to the Niger Delta in the context of infrastructure projects supported by the Niger Delta Development Commission (a federal agency tasked with supporting community development) in Bayelsa State. The projects had been poorly planned and provided differential access to infrastructure provision, thereby raising local tensions. In some instances, finally, community members resort to damaging oil facilities in their own community in order to receive compensation payments or clean-up contracts from the companies (Interview 11).

The data on local violence is extremely scattered and there is no central database of incidents. Specific examples, however, are frequently reported in the local media. By way of introduction, the following instances of violence occurred during fieldwork in the case study sites: In Obunagha (Gbarain Clan, Bayelsa), the community was deeply divided over the alleged corruption of the local chief. Rival leaders accused him of monopolizing lucrative employment contracts with the local Shell facility. During October/November 2010, this conflict repeatedly resulted in knife and fist fights. In addition, the community was also embroiled with Shell regarding the compensation received for a new gas production facility on the outskirts of the village. In order to press their demands, local residents had repeatedly occupied Shell property and openly threatened sabotage ("because they will not listen otherwise"). In Egi Community (Rivers), also during the fieldwork period, three youth were killed by the army in a string of incidents which began with a local protest against Total for failing to provide employment to local residents in the area. Events escalated locally and resulted in the deaths. In response, local people set ablaze equipment owned by contractors working for Total. In Egi too, local residents have expressed their feeling that the only way to get the oil company to listen to their demands is to attack one of their installations. Similar types of violence are also persistent in Ogoniland. Communities there are divided over their response to Shell offers of cleaning up oil pollution and local leaders frequently manage to capture the benefits of clean-contracts for themselves, which is a further source of friction. Lastly, in Ogoniland, Shell has been alleged to sponsor violent local henchmen to intimidate locals who demand compensation for oil spills (Social Action 2009c, 20).

Conclusion

This chapter provided a brief outline of the institutional mechanisms and structural outcomes of the Nigerian rentier state. It then discussed the different types of claims on oil revenues that are made within that context. The chapter concluded by proposing an ideal-type distinction of insurgent and local violence arising from those claims. Based on this discussion, the subsequent chapter will analyse the responses taken by the state and oil company to violence in the Niger Delta. It will discuss those responses in terms of the three stakeholders in oil production, the state, oil companies and local communities sketched in the first, as well as the claims and types of violence outlined in this chapter.

Chapter 3: State and Oil Company Responses to Violence

This chapter analyses state and oil companies responses to the threat to production posed by the Niger Delta crisis. As a point of departure, the chapter takes Frynas' observation that state and oil company responses to the Niger Delta crisis have historically taken three basic forms: co-optation through tactical concessions, manipulation through public relations and repression through the deployment of security forces (Frynas 2001). The chapter shows that these responses continue to be applied today. This is the context in which recent innovations in community relations approaches should be understood. From this perspective, the community foundations approach represents a company response to rising violence by providing additional resources for co-optation and by improving the companies' image in consumer markets. It is not the drastic departure from historical patterns of company-community relations that companies present it to be.

The chapter begins by tracing the evolution of both state and company responses. It then discusses in some detail the Akassa Community Foundation, which is the model for the community foundation approach as applied by Shell and Total. The discussion is structured to provide a base line for case study analysis in the subsequent chapters.

State Responses

The Nigerian state has applied a number of approaches to both repression and co-optation of dissent in the Niger Delta over the years. In applying those approaches, the overarching aim has been to prevent threats to production and the flow of oil rents.

Repression: Police and Military Tactics

Repression has long been a cornerstone of oil production arrangements and the Nigerian rentier system more broadly. At the centre, excesses in corruption often went in parallel with severe repression during military rule. The same is true for the Niger Delta, where the security forces have long acted as local agents of the state. As has already been mentioned above, successive changes between military and civilian governments, including the most recent transition in 1999, have had little effect on the extent of state violence in this regard. State repression is a constant structural feature of oil production in Nigeria. A number of incidents illustrate this fact and have served to structure subsequent patterns of violence. The first is the violent assault on Umuechem, Rivers State, in 1990 which has been discussed above (Human Rights Watch 1999, 112; Ibeaunu and Luckham 2007, 68). Similar incidents have been recorded for subsequent years. In 1999, after the introduction of civilian rule, the police retaliated for the kidnapping of police officers by local youth in Odi, Bayelsa State, by attacking the town in its entirety. Rather than making an effort to arrest the suspects, security forces deployed armoured vehicles and destroyed nearly every single building, killing at least 100 local residents in the process (International Crisis Group 2006, 6).

These examples underline that the security force's specific task is to protect oil production and the flow of rents to the center, and not to provide order at the local level. This is illustrated by the fact that many towns and communities do not have dedicated police posts, but that the military is posted across the region to protect key roads and infrastructure installations. This was evident during fieldwork travel. In pursuing this task, the security forces frequently resort to violence. Police figures estimate that 3,100 "armed robbers" were killed by police officers in the Niger Delta in 2003 alone. In this context, the term "armed robbers" is frequently used in Nigeria (and presumably elsewhere) as broad category to discredit the victims of police violence. According to an official report to the UN Human Rights Committee, "rules for guidance in use of firearms by the police practically provide the police with carte blanche to shoot and kill at will"

(International Crisis Group 2006, 5). Niger Delta human rights observers continue to details numerous instances of violations by the military and the police every year (Naagbanton, Amadi, and Ikomi 2009; Naagbanton, Obodoekwe, and Kpalap 2008).

Against this background, the federal government has also strengthened its military response to insurgency. As such, a Joint Task Force has been coordinating operations by the army, navy and air force in the Delta. While data is scarce and often difficult to verify independently, there have been some notable military successes. In November 2010, for example, the military managed to rescue a group of foreign hostages in Akwa Ibom State. It marked the first such rescue attempt in recent memory that did not end with any deaths and was therefore taken as indicator of improved effectiveness of the tactics employed by armed forces and the military intelligence they rely on (Stearns 2010). The increased military response, however, has imposed a heavy toll on local populations. There have been regular allegations of human rights abuses by the military and, in a pattern reminiscent of earlier phases of state responses to local challenges, large scale assaults on areas sought to shelter militants. In May 2009, for example, at least 100 people were killed and up to 10,000 displaced when the military employed helicopter gunships and machine guns to attack two villages in Gbramatu kingdom, Delta State (IRIN 2009).

By and large, militant attacks have dropped sharply in recent years. According to Shell, security in August 2011 was "much improved from a few years ago," which has led to increasing oil output from onshore production (Reuters 2011). While this may have to do with increasingly successful strategies of repression, it may also be explained by improving strategies of co-optation employed by the state.

Co-optation: Development Commissions for the Niger Delta

Over the years, numerous government commissions and reports have grappled with the development prospects of the Niger Delta and the way in which oil revenues should be shared between local populations and the remainder of the country. The first such report was the Report of the Commission Appointed to Enquire into the Fears of the Minorities and the Means of Allaying Them ("Willinks Report") commissioned by the colonial government in 1958. At the dawn of independence, this report drew attention to the distinct socio-economic profile or the Niger Delta region. It also highlighted the fact that its economic development requires specific attention by the central government in order to avert rebellion, foreshadowing of significant revenue inflows into the Niger Delta. In the post-colonial period, the Nigerian state continued to convene policy commissions and adopt policies to improve the economic environment of the Delta region, and thereby to head-off challenges to the integrity of the federation and the rentier state.

The latest such report, whose policy prescriptions are the official guideposts of government policy today, is the 2008 Report of the Technical Committee on the Niger Delta (Technical Committee on the Niger Delta 2008). Rather than an exercise in primary data gathering and analysis, it consists of a metastudy of data and policy prescriptions contained in the previous relevant reports. As such, it draws on no less that 15 high profile policy reports, starting with the Willinks Report in 1958. The imposing number of policy reports stands in marked contrast to the extent of their implementation. In the prosaic words of the Technical Committee report, "[…] there has been no shortage of proposed solutions to what now seems to be the never ending Niger Delta crisis. From the Willinks Commission Report in 1958 to the submissions that form part of this report, the terrain is littered with the output of several committees set up by previous Heads of Government all of which have been barely implemented" (Technical Committee on the Niger Delta 2008, 2).

The Technical Committee itself made a long list of recommendations. These included increases in the allocation of oil revenues to the Niger Delta, an amnesty and reintegration process for militants, an end to gas flaring, as well as various interventions in the areas of infrastructure, energy, education, health and youth employment. All in all, the Committee report was designed to provide as comprehensive response to the Niger Delta crisis. In a recent interview, however, Ledum Mitee, the chair of the Technical Committee (as well as the chairman of MOSOP) pointed out that the government has only selectively implemented the recommendations. Specifically, it has begun to work on the amnesty process (see below) but has failed to embed this specific recommendation in a broader set of policies (Onyeukwu 2011). During fieldwork in the Niger Delta between October and December 2010, respondents were also unanimous in their assessment that the Technical Committee recommendations had not so far been implemented, despite frequent government reference to them.

In addition to policy reviews, successive governments have set up regional institutions specifically tasked with implementing the various policy reports produced over the years. In 1992, the federal government established the Oil Mineral Producing Area Development Commission (OMPADEC), which turned into the Niger Delta Development Commission (NDDC) in 2000. They were tasked with directing federal development funds to the community level in the Niger Delta, primarily by implementing development projects. In 2008, the government announced the creation of a Niger Delta Ministry and the NDDC's transformation into a parastatal under the Ministry's control, thereby raising the profile of Niger Delta issues in Abuja. As of mid 2011, however, this transformation had not been fully implemented.

The establishment of these institutions can been seen as attempt at co-optation of local communities by increasing the flow of development resources. Some observers have pointed out that all three agencies were created as direct response to political challenges at specific historical junctures: OMPADEC in response to criticisms over the slow transition to civilian rule, the NDDC in response to community protests over oil-related violence and the Delta Ministry in response to widespread armed rebellion (Ibaba 2010; Omotola 2007; Sayne 2010).

As organs of the state, furthermore, the effectiveness of those institutions is severely hampered by the logic of oil rent accumulation. The NDDC is deeply riddled by corruption and has had little discernible impact on socio-economic development in the Niger Delta. On a previous field visit to NDDC community development project sites in Bayelsa State in 2005, poor communication with local communities and a lack of planning capacity on the part of the NDDC were evident.[10] Similar observations were made by respondents in every community visited during fieldwork for this study in late 2010. These issues can be linked to rentier structures in two ways: First, there appears to be serious corruption and mismanagement at the level of senior management. Oil resources allocated for community development are thereby misappropriated and there is little institutional incentive to improve institutional performance. In late 2010, for example, senior NDDC managers were accused of having wired US$20 million in NDDC funds to personal off-shore bank accounts (Omonobi 2011). Second, local projects in local communities are often allocated according to patronage networks and not on planning merit. This was also evident during field visits in 2010.

The same mechanism applies to state-level institutions. In Rivers State, for example, the Rivers State Sustainable Development Agency has a state level mandate

[10] This trip was in a different professional capacity and observations are purely personal.

similar to that of the NDDC. However, the institution is severely hampered by lack of capacity and political coordination, often working at cross-purposes with other state institutions and with a severe budget shortfall, as appropriations from the state government are rarely paid in full (Interview 32).

A second prong of co-optation addresses insurgent violence directly. With specific respect to violence, the federal Government in 2009 offered amnesty to those participating in the insurgency. In addition, militant soldiers were offers vocational training and other assistance in demobilisation camps. By April 2010, approximately 17,500 former militants had availed themselves of this offer and the Amnesty Process was widely credited to have reduced insurgent violence (along with the improvements in military capacity discussed above). However, the Amnesty Program appears to exhibit the same signs of elite capture and cronyism as the other attempts at co-optation. First, the process itself has been poorly designed. For example, only 10,000 rather than 17,500 had been expected to be mobilised. There was little capacity to separate "genuine" militants from others seeking benefits from the process, such as unemployed youth. Many reception centers were inadequately supplied (IRIN 2010).

While these are challenging issues in any demobilisation and reintegration operation, the point here is that planning and capacity was inadequate from the start, even though technical expertise would have been available. Both Liberia and Sierra Leone, for example, have recent experience with similar operations. Second, interview respondents were unanimous in their assessment that the net effect of the Amnesty Program was to reward the leaders of armed rebellion with lucrative rewards for renouncing violence. In other words, they were co-opted into the existing patronage structures in the Niger Delta. The fighters and their communities, by contrast, benefited little from this process as no structures are in place to move from the "demobilization" phase to any kind of meaningful "reintegration" of fighters.

Furthermore, during interviews in Port Harcourt, most respondents felt that the amnesty process was merely a short-term patch designed to buy time and did not change the fundamental drivers of conflict. Communities at large continue to suffer from the same imbalances in the political economy of oil than they did before the announcement of the Amnesty Program. According to Ogoni activists, the objective was to continue oil production for as long as possible, while postponing a genuine settlement of underlying issues. Anecdotal evidence obtains during community visits further suggests that many former fighters continue to have access to their weapons, and that local leaders in specific communities often have informal "stand by" agreements to retain the services of those fighters in case of further hostilities in the future. This is underlined by the fact that in April 2010, the 17,500 fighters who had availed themselves of amnesty had only handed in a total of 2,700 weapons (IRIN 2010). Given the large number of weapons circulating and easily accessible in the Niger Delta (Hazen and Horner 2007), this is cause for concern.

Finally, the federal government is proposing a new Petroleum Industry Bill intended to improve this regulatory framework, redesigning oversight institutions and the role of the NNPC, along the lines of more successful state oil companies elsewhere (Sayne 2011). The provisions contained in this bill are among the most contentious political issues in Nigeria today (Interview 1). Both local communities, political interests at the national level and foreign oil companies (via their respective governments and directly in their relations with the Nigerian government) are seeking to shape specific elements of the bill in their favour (Social Action 2009a; US Embassy Abuja 2009c, para.

9).

The proposed Petroleum Industry Bill is highly relevant for local communities because it would allocate "host community dividend" from oil revenues directly to local communities. According to the Presidential Advisor on Petroleum Matters, Emmanuel Egbogah, the federal government estimated that approximately US$1 billion would be available annually in this vein. Allocating funds directly to local communities would have a direct effect on local violence by providing incentives to safeguard and protect oil installations. In any year where attacks occurred, no local dividends would be paid (Egbogah 2010). However, during fieldwork in late 2010, significant challenges remained to this approach. The most serious one is who would be in charge of managing the funds allocated to local communities. Without concomitant improvements in local governance, it is unlikely that such a windfall could be spent appropriately. In addition, questions are likely to arise in terms of drawing borders between host and non-host communities, which has been a frequent problem in the past (see below). Lastly, it is unclear who would determine whether a specific attack emanated from the community or from insurgent violence. In other words, communities could lose their allocations as a result of violent acts for which they are not directly responsible. At present, all these points remain unaddressed.

In this context, it should also be noted that some efforts have also been made to improve oil sector governance more broadly. With respect to macroeconomic policy and economic governance, efforts have been afoot to strengthen the governance capacity of central state institutions and the regulatory environment. In addition to the general provisions of the Petroleum Industry Bill, a central policy project in this respect has been Nigeria's ascension to the Extractive Industries Transparency Initiative. So far, it appears that the quality of data on oil accounts and associated government budgetary figures has indeed improved. However, there has been little in the way of structural change in the political economy as a result of this improved transparency. The only tangible outcome, it appears, is that civil society organizations find it easier to mobilize when their claims can be substantiated with audited data (Mueller 2010; Shaxson 2009).

Company Responses

Along with the state, oil companies have also responded to violence with an array of different community engagement strategies. Over time, as violence continued to increase, their responses increasingly emphasised co-optation in addition to local-level repression. The community foundations approach is the most recent incarnation of this strategic shift, intended to reduce violence by enhancing community ownership of development programs and fostering informal institutions.

Repression: Collusion with Security Forces

Oil companies have long been deeply complicit in the repression of dissent in the Niger Delta. Until the early 1990s, Shell's approach to safeguarding production was mostly based on providing security for its staff and production installations (Rosenau et al. 2009, 13). While the state has generally provided the means of coercion as outlined above, oil companies have benefited and encouraged repression. Oil company agents are alleged to have been behind the Umuechem raid discussed above, which began with the occupation of a Shell facility. According to observer reports, Shell subsequently requested a strong military response. There have been numerous instances of such local-level security collaboration over the years (Frynas 2001, 49–52).

The killing of Ken Saro-Wiwa and the Ogoni Nine by the Nigerian state is the most outstanding and best documented example of how this security alliance between the state and oil companies operated. There is now clear evidence that Shell was deeply complicit in the execution as part of an effort to repress the strengthening resistance movement galvanised by MOSOP, which centered on the environmentally and socially destructive practices of oil production in Ogoniland. In legal action brought against the company, it was alleged that Shell both paid for military hardware and provided intelligence to plan armed raids against villages in Ogoniland thought to harbour resistance groups. In 2009, Shell settled these allegations and agreed to pay compensation of US$15 million to descendants of the men executed, without formally taking legal responsibility for the killing (Pilkington 2009).

In addition, oil companies have been active in repression on their own accord. This has taken a number of forms. First, oil companies have routinely provided additional salaries and bribes to army soldiers and policemen for protection. In this connection, there are also documented cases of illegal arms imports by oil companies for local police units in production areas. Second, oil companies have been reported to make similar payments to militant groups to protect oil installations from local communities, and to refrain from attacking installations themselves. Such payments also involve awarding subcontracting opportunities to companies controlled by known militant leaders. Finally, oil companies have on occasion established their own security police, often drawing on former or seconded policemen (International Crisis Group 2006, 7–11). Revealingly, local people reportedly refer to the mobile police as “Shell Police,” or “Chevron Police,” depending on the operator in their area (AfricaFocus 2005). While this particular observation was not made during fieldwork, it was frequently observed that police officers had been seconded to oil companies. It is at this point that the line between police and corporate security duties becomes easily blurred, particularly in view of local police salaries. Despite the many changes in the relationship between communities and oil companies outlined below, oil companies continue to play a central role in repressing local dissent to this day (Rosenau et al. 2009, 15). This will also be shown in the case study analysis presented in subsequent chapters.

Public Relations: Manipulating Public Opinion in Consumer Markets

Frynas has documented in detail how Shell and other oil companies have actively sought to shape media reporting and public opinion in the consumer markets of Europe and North America (Frynas 2001, 44–49). In this endeavour they have relied on Public Relations firms and directly fed misinformation to media outlets. Following the execution of Ken Saro-Wiwa, Shell considered negative coverage to be a serious threat to its brand in consumer markets (Vidal 2010a). In response, the company actively attempted to improve relationships with those NGOs and media outlets it considered potentially receptive for its message that protests against its corporate practices in the Niger Delta had been exaggerated (Lubbers and Rowell 2010). In 1996, for example, the British Advertising Standards Authority ruled that Shell's advertisements with regards to the Ogoni crisis had been misleading. In particular, the company's statement that 60% of oil spills were ruled by sabotage between 1993 and 1995 was deemed as unsubstantiated (Frynas 2001, 47).

In addition, oil companies also sought to use community development projects to improve their image. There is evidence that Shell made decisions on whether or not to sponsor specific community development projects on the grounds of whether those specific projects would maximise positive press coverage for the company abroad. In this process, Shell also appears to have significantly inflated the amount it spends for community development purposes in production areas (Frynas 2001, 48–49). While

Frynas made this observation in 2001, budget transparency with respect to community project spending remains a problem today. This was clearly evident during fieldwork.

More broadly, reputational risks have become important considerations for oil companies. Non-governmental actors in the developed world have became vocal advocates on behalf of constituencies in production areas and have delivered stinging critiques of multinational companies. This has resulted in a variety of corporate social responsibility approaches and policies designed to reduce direct harm done to local communities in the course of production. At least in theory, the trend also implied that multination companies set out explicitly to design their activities in a way that would have a positive effect on socio-economic development in production countries. In their corporate communications, they henceforth represented local populations as “stakeholders” in a global chain of production, entitled to a fair share of the value created in the process (Gillies 2010, 114–118; Idemudia 2009b, 92–93).

The people in production areas are unlikely to be swayed by oil company public relations since they experience the reality of oil production on a daily basis. Community perceptions of oil companies will instead be determined by the actual provision of resources and oil company responsiveness to local concerns. However, company concerns with reputation risk have created entry points for specific communities to partner with global advocacy networks in their struggle with oil companies. While it is unclear to what extent such consumers actually discriminate between different oil and gas companies based on their ethical record, companies cannot completely disregard those networks. Both the state and companies, furthermore, may be restrained in applying repression to communities in those cases where local elites are in alliance with international advocates. As will be seen in the fifth chapter, Ogoni leaders have used this strategy to great effect.

The following section will briefly sketch the changes in oil company policies with respect to oil company activities in the communities themselves. The subsequent case studies will analyse the reality of those approaches on the ground.

Co-optation: Towards "Partnerships" and the Community Foundations Approach

Oil companies have long organized production activities in a way that completely ignored the needs and aspirations of local communities. Instead, they sought to buy the allegiance of individual local leaders. In a sense, they applied colonial-era indirect rule tactics by making partial alliances with local power brokers to ensure that production would not be interrupted. This is the basis, for example, for the pervasive conflict between youth and traditional leaders discussed in the second chapter. In the process, they also sought to co-opt specific local constituencies by providing financial rewards to those who were immediately affected by oil production. This "host community" approach to co-optation, however, proved highly divisive to local communities as there is generally no objective basis to determine who was immediately impacted by production and who was not (Zalik 2004, 406–407). For example, only the community occupying the plots on which oil production or transportation facilities were located received financial compensation. Those communities living on adjacent land, however, would receive no such transfers. Given the level of poverty in the Niger Delta, this often caused resentment between communities, particularly since oil field were likely to extend to underneath those adjacent plots, even if they did not host production facilities. Neighbouring communities would only benefit from compensation in the event of an oil spill, in which case downstream communities would typically receive some payments. This could lead to cases of vandalism by downstream communities who sought so receive compensation payments even if that meant further destruction of their natural environment. Other cases of violent conflict would erupt over the stark differences in benefiting from oil production between communities, despite their close proximity.[11]

By the mid-1990s, it had become clear that levels of violence continued to increase and that repression was no longer sufficient to safeguard production (Idemudia 2009b, 92). Oil companies feared that leaving issues of violence unaddressed would eventually drive them out of production in Nigeria altogether. It should be noted, however, that in an environment where data is scarce, this particular claim needs to be received with an appropriate amount of caution. Some analysts have claimed that the productivity and, more importantly, the profitability of producers have not actually suffered to the extent they have claimed. According to Frynas, for example, companies directly benefit from the social dislocations caused by oil production (Frynas 1998). Interestingly, Shell representatives themselves have played down claims that Shell production capacity was in any profound danger (US Consulate Lagos 2008). In addition, one might also claim that exaggerating the impact on violence on production is a deft strategy on behalf of oil companies because it increases pressure on the state to act on their behalf, so as not to undermine the income basis of the rentier state, and because it shifts attention away from their own activities in the communities. In any case, however, it is clear that oil companies have recognized the importance of issues of violence and community affairs to their business activities (Interviews 16, 37). What is at issue is the extent to which this insight has had a structural, positive, impact on the ground.

In response to rising violence, as well as the concerns about their corporate reputations, oil companies began to focus more directly on their interactions with communities in the Niger Delta, ostensibly seeking to address local grievances and

[11] Personal observations from a previous visit to Bayelsa State in 2005.

thereby reduce violence (Omeje 2006a). Because it is the largest onshore producer in Nigeria, and thereby most exposed to violence, Shell was at the forefront of this development. In a nutshell, the company recognised that “unfulfilled aspirations for political recognition and influence, poverty and historical neglect, and criminality” were responsible for the Niger Delta crisis and the plight of communities. In its Nigeria Corporate Social Responsibility Report 2007, the company therefore pledged to “work with the communities; the federal, state and local governments; and other agencies in an effort to help restore peace in the Niger Delta” (both cited in Rosenau et al. 2009, 14). Along with Shell, most companies made similar pronouncements.

The cornerstone of this strategy shift was to turn to fostering “partnership” arrangements to support broad community development in oil production areas (Zalik 2004, 408–412). In doing so, companies focussed on Memoranda of Understanding (MOU). These were agreed with local governments and community representatives and would government the mechanism of community relations and local compensation. Such MOUs are the main reference point when it comes to settling disputes and allocating resources and revenues. In addition, companies also significantly increased their spending on community projects within these frameworks and experimented with different approaches to project implementation. These included area-based approaches, where catchment areas would extend beyond host communities in order to reduce local conflict, and participatory techniques, which were expected to allocate funds more efficiently.

The latest phase in this evolution is the community foundation approach. In theory, this approach is intended to standardise the lessons learned from the often disparate approaches developed since the initial interest in partnerships with local communities. It is also designed to compensate for the weak local institutions of the state and to incorporate both area-based and participatory techniques. As such, the approach has two distinguishing features. First and foremost, it focuses on creating local institutions at the community level and on developing their capacity. Those foundations are the custodians of the participatory process underpinning projects in a given area and are intended to initially manage participatory projects. However, they are also explicitly designed to function as stand-alone institutions capable of accessing development funds from beyond their original oil company sponsors in the medium-term. Second, the approach is intended to move from a system were oil companies conclude many small separate agreements for local projects in a given area to a system were projects are implemented under one framework agreement instead (Draper 2010).

The three large companies with onshore operations in the Niger Delta, Shell, Chevron and Total, have all adopted the community foundation approach.[12] While there are specific details which vary between these approaches, the basic elements are broadly the same and the approaches are therefore comparable. During fieldwork, this was confirmed by one respondent who had been employed by different companies to help implement the approach (Interview 10). The labels, however, differ. While Total refers to Community Foundations, Shell and Chevron refer to Global Memoranda of Understanding (GMOU), emphasising the fact that each agreement replaces a set of MOUs in a given area with a single "global" agreement.

Shell is used as example here because the company has by far the most extensive onshore operations in the Niger Delta. It is also most proactive in publicizing its approaches to community relations. The company typically signs GMOUs with clusters of communities, grouped according to either LGA or clan affiliation. By the end of 2010,

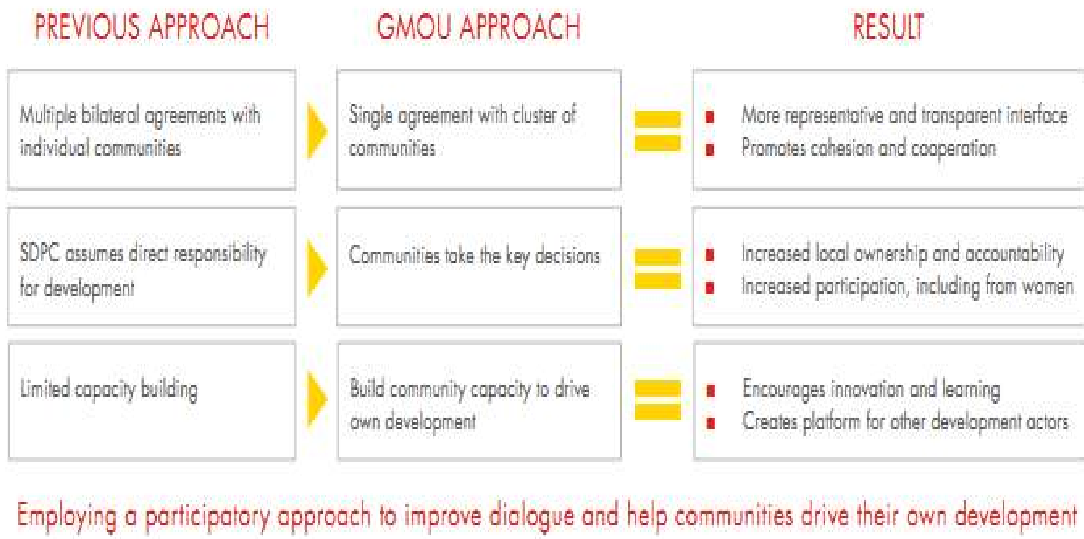
[12] Exxon, the fourth large company in Nigeria, has no onshore facilities in the Niger Delta.

it had concluded 24 GMOU agreements covering a total of 244 communities, expending about US$65 million. While this represented only about 25% of all communities living in the its production areas, the company eventually plans to conclude GMOUs in all of its production areas (Shell 2011b; Interview 16). With respect to establishing local institutions, a set of committees is established in each cluster to govern implementation of the GMOU agreement. These include a Cluster Development Board, a Steering Committee chaired by the State Government, and a 10-person Community Trust in each community. The central decision-making organ is the Cluster Development Board, which is tasked with planning and implementing specific community development projects. It is also intended to facilitate the interaction between different stakeholders, including state and local governments, Shell and non-governmental organisations (Shell 2011b)

With respect to projects, each GMOU agreement envisages a participatory process whereby communities decide on projects to implement. This functions through the Community Trust which transmits preferences to the decision-making Cluster Development Board. Shell, in term, provides a specified funding envelope and commits to providing this funding for a period of five years, encouraging communities to plan in a longer-term fashion. Shell also provides access to specialized development NGO that act as facilitators of the GMOU process in each case. Ultimately, this system is to replace the previous practice of concluding many smaller-scale agreements and is intended to result in the establishment of registered foundations which can solicit additional development funding.

As can be seen from the following summary table, furthermore, Shell claims that the GMOU approach will result in the promotion of “cohesion and cooperation” (Shell 2011b). In other words, GMOU structures are expected to result in informal institutions that can mitigate violence, as outlined in the first chapter.

Figure 1: Key Features of the Shell GMOU Approach



Source: Shell (2011b). Note that SDPC should read SPDC, Shell's production joint venture.

Critics of corporate social responsibility activities have argued that GMOUs merely represent exercises at public relations, implying little change in substance. According to them, oil companies have lost their "social license to operate" and have employed public relations tactics rather than make substantive changes to their mode of operation (Frynas 2005; Zalik 2004). In other words, GMOUs merely represented a new co-optation tool. In the context of local governance, then, the main question is whether the trend towards participation and community ownership provides local communities the opportunity to influence decisions in ways that reflect their interests as stakeholders. The present study goes some way towards addressing these question. In the remainder of this chapter, the analysis turns to the Akassa Community Foundation in Bayelsa State, which is the most successful community foundation in the Niger Delta and served as a model for the GMOU approach (Draper 2010, 68). Analysing the experience of this foundation will provide a base line for the subsequent four case analyses.

Akassa Clan: A Model Case for Violence Mitigation?

The Akassa Community Foundation, established in 1997 and supported primarily by the Norwegian oil company Statoil, is the poster child for community foundations in the Niger Delta (ProNatura 2011). It is also the model emulated by other projects which use the community foundation approach, including Shell's GMOUs (Draper 2010, 68) and Total's Community Foundations (Idemudia 2007, 15). This was very clear during interviews with human rights activists, oil company staff and other observers during fieldwork. Most respondents referred to the "Akassa model" as shorthand for a well designed community foundation which has had a positive effect on community development and local violence. Pro-Natura, the NGO instrumental in establishing the Akassa Community Foundation, has begun to facilitate similar Foundations in other regions of the Niger Delta (some of them will form case studies below). Even Frynas, who is well known for his criticism of the practice of corporate social responsibility (and has been cited in that context in the previous sections), stated in 2005 that "there are very few examples of oil-company-funded projects which could be regarded as 'best development practice' along the lines advocated by the World Bank or Oxfam. After researching Nigeria's oil industry for almost ten years, the author has identified only one such project: Statoil's Akassa project in Bayelsa State" (Frynas 2005, 593).

In view of the importance of the Akassa model, the following section analyses its main outcomes and the manner in which they were achieved. This will prepare the ground for the subsequent discussions of community foundation approaches in other locations, by providing benchmarks for comparison and identifying key factors that will frame the discussion of those cases.

The Akassa Community Foundation

Akassa kingdom is located on the Southern edge of Bayelsa state near the Atlantic coastline. The kingdom consists of a total of 19 communities and is part of Brass Local Government Area. Akassa's economy is primarily based on fishing with some additional rice cultivation. Like most rural communities in the Niger Delta, Akassa suffers from high rates of persistent poverty and lack of local services. While local governments across the Niger Delta are weak in terms of their administrative capacity, formal local governance in Akassa is further affected by the physical distance and sparse transportation links between the communities and the seat of local government. The local waterways represent the only available transportation links with outside areas and medical treatment, for example, requires a four hour trip by small boat to Brass, the main town of the Local Government Area. In essence, the local state has very little influence on daily affairs in the community. Owing to the physical distance from Brass, therefore, traditional rulers are particularly significant local actors. They include the kind and the chiefs of the communities which make up the kingdom (Joab-Peterside 2007, 6–9).

There is no on-shore production within Akassa kingdom itself. However, Akassa communities have long been affected by off-shore production because of the kingdom's location on the Atlantic coast. In addition, Akassa is transected by a set of pipelines connecting offshore oil sites with flow stations located onshore. This has affected Akassa in three specific ways which are typical for many communities in the Niger Delta. They predate the establishment of the Foundation and form the background against which it operates today (Interview 25). First, Akassa has suffered the extensive effects of environmental pollution brought on by oil spills in pipelines and offshore production installations. Such pollution has severely degraded the natural environment and, in particular, has lead to a decrease in fish stocks. Since fisheries are the main source of traditional livelihoods in Akassa, pollution has been a main contributor to pervasive poverty.

Second, the kingdom has been adversely affected by oil company payments to local residents. Such payments would either take the form of direct compensation for specific oil spills or more general community relations payments or projects. In the case of off-shore production, companies typically compensate the communities which are located on the stretch of shoreline closest to the production facility. This is standard practice across the Niger Delta. The adverse effects of those specific payments and activities were also in line with those often observed across the Niger Delta (see previous section) and can largely be attributed to the host-community approach. Conflicts frequently arose over the allocation of such compensation projects. Specifically, it was often difficult to identify the "hosts" of specific sites or those who suffered from specific spills.

Finally, oil company development projects tended to be driven by patronage. In this vein, young people in particular felt that elders and community leaders were monopolising the available development funds. Because of those dynamics, oil company projects had little impact in terms of community development and were often abandoned half-way through the implementation cycle. This was because patronage objectives had been satisfied during the initial construction phase (since projects were mostly related to infrastructure) and there was neither incentive nor budget to ensure continuous operations. As such, Akassa became "littered" with unfinished projects but remained in dire need of infrastructure facilities (Interview 25).

Against this background, the basic objective of the Akassa Foundation was to reduce poverty in Akassa kingdom while addressing some of the underlying issues of conflict in the communities.[13] The first step in this direction was made when the Norwegian state oil company Statoil identified Akassa as the area most likely to be affected by oil spills from a set of new off-shore oil blocks, and proceeded to plan community development activities in the kingdom. In 1997, Pro-Natura, an international NGO with a strong presence in Nigeria, lead a participatory livelihoods assessment which culminated in a formal community development plan in 1998. This laid the groundwork for the Akassa Development Foundation and determined its priorities. Employing a standard participatory methodology, the community development plan prioritised four areas: First, income generation and microcredit, because the community was facing a lack of capital which impeded it from venturing into new livelihood areas to compensate for the decline of fishery stocks due to pollution. Second, health and education, in the hope of developing the skills base necessary to sustain new livelihood activities. Third, projects to help improve the management of remaining natural resource, including forestry and fisheries. Fourth, infrastructure micro-projects primarily related to health care and transportation .

The choice of Pro-Natura as facilitator is particularly significant in this context primarily because it had local credibility. While technically an international NGO with headquarters in Paris, it has long been active in the Niger Delta region. In essence, the stature of Pro-Natura allowed it to be selected by the oil company but still be accepted as credible partner by the local community in Akassa. Local credibility of this sort is particularly important given the deep divisions between communities and oil companies.

[13] This section is based on Interview 25, informal exchanges with individuals close to the Foundation, BBC (1999), Mate (2002, 10–11), Oruwari (2006, 16–18) and World Council for Sustainable Development (2005).

According to respondents, an important component of this credibility was the personal reputation of the Executive Director of Pro-Natura, Bill Knight. As violence intensified round the years 2005 and 2006, Pro-Natura continued to engage closely with the community in Akassa, unlike many other NGOs and oil company staff. This has garnered significant respect for the organisation and Knight personally, which continues to be an asset for the Akassa Foundation to this day (Interview 25). Crucially, this history also means that communities make a clear distinction between the facilitator, perceived as neutral, and the oil company itself. There appears to be no conflict of interest which could weaken the Community Foundation.

Initially, the main focus of Pro-Natura was the establishment of institutional structures for managing local development funds. This was in recognition of the weakness of formal governance. The first step was to develop a Board of Trustees with members elected from within the community, who came to be referred to as a "People's Parliament." In keeping with the community foundation approach, furthermore, management committees were established to manage development activities but also to improve the internal governance of the community more generally. This system involves, specifically, the establishment of an Area Development Council for the entire kingdom and sub-councils for each community. Each council is lead by a chairman, a secretary and a treasurer. Within the communities, the councils are supported by "village institutions," which are organised committees for specific issues. In 2010, there were approximately ten such institutions in each community, dealing with issues such as education, health and gender. These village institutions are responsible for developing specific project proposals and propose them for funding to the Council. Finally, there is a network of *ogbos*, which are self-help groups organized by trades or specific interests of members. These *ogbos* function as savings collectives and make loans to their members. In addition, they can also apply loans for the Akassa Foundation if they meet certain fiduciary requirements.

It appears that the clan's head chief in the late 1990s, King I.N. Anthony, played a crucial role in the initial process of establishing these structures. King Anthony himself was involved in oil related businesses, owning oil barges, tugboats and working as sub-contractor to the oil industry. However, he supported a devolution of his decision making powers to the Akassa Foundation and the "People's Parliament" in particular. In addition, he also sought to convince many of the other chiefs in Akassa to support the Foundation and its structures (BBC 1999). According to interviews and additional conversations with people close to the Foundation, this process was highly controversial initially. Sections within the local leadership where opposed to the participatory and transparent resource allocation process at the heart of the Foundation. This is because they felt that the Foundation could bring about significant changes to their longstanding relationships with oil companies, and limited the personal benefits their derived from the associated patronage structures.

In retrospect, it is difficult to pinpoint precisely how this initial reluctance was overcome and how it appears to have been transformed into broad support for the Foundation. In the final analysis, it is likely to be the result of a number of factors, some of which were proffered by respondents. The first is the fact that poverty and violence had become such pressing concerns that local leaders were forced to consider new ways of alleviating them. As youth across the Niger Delta was challenging traditional leaders on account of their complicity in the Niger Delta Crisis, leaders in Akassa likely sought to avert this threat. The second is the early collaboration of King Anthony, Statoil and Pro-Natura, which increased pressure on other leaders to follow suit. The king's personal commitment, from this perspective, provided the key entry point to the establishment of the Foundation.[14] Finally, once the Foundation began to show concrete results by making small loans and providing small infrastructure according, traditional rulers probably sought to associate themselves with the Foundation to benefit from its popularity.

Finally, in addition to establishing community-level structures, the Akassa Development Foundation has developed corporate structures of its own. Specifically, it has a full time management team and a general assembly, representing community members, which oversees its operations. The Foundation also oversees the process of project planning and funding, provides support during project implementation and interacts with external funders. As of late 2010, the Foundation had managed to acquire its own funding additional to the funds provided by Statoil, and its daily operations were largely independent from Pro-Natura. This is a significant achievement and an indicator of the strengthening of foundation structures. By way of comparison, no Shell GMOU had raised external funds by the end of 2010 (Interview 16).

Achievements and Challenges

While the overall structures of the political economy of oil production and local violence in the Niger Delta have remained unchanged (Joab-Peterside 2007), the Foundation has had a number of tangible achievements. First and foremost, the Akassa Development Foundation has managed to ensure the integrity of the participatory planning process which is at the heart of its approach. It appears as though community participants were able to set the Foundation's priorities and specific activities thus genuinely responded to grassroots demand. To the extent that reliable data is available, there appears to be little

[14] There is a possible selection bias among respondents since all had a personal stake in the Foundation, which may have given them an incentive to emphasize this point. However, it is unlikely that the Foundation could have been established without the active backing and commitment of traditional rulers.

capture of those funds by local elites and project managers. Funds appear to make a difference in the lives of recipients, and are invested to significant economic and social effect. During field research and subsequently, no evidence or no allegations of mismanagement whatsoever could be found. This represents a stark contrast and break with Akassa's experience with projects sponsored by directly oil companies. Similarly, nobody could be overheard making or insinuating this allegation at any point the fieldwork. This is significant because issues of community development and the relationship between communities and oil companies in the Niger Delta is highly contested, with many different opinions voiced forcefully.

The track record of the Foundation with respect to the implementation of its projects is also uncontroversial. For example, the Foundation has raised a revolving fund of 5 million Naira (approximately US$30,000), which was supporting 24 local businesses as of November 2010. While the Community Foundation is managing these funds, the financial contribution made by the State government was lost to corruption at the local government levels and never reached Akassa. As has been outlined in the previous sections, this is a typical occurrence for government funds in Nigeria.

Ensuring the integrity of the participatory process is a significant achievement in the face of government weakness corruption and the well-documented flaws in oil company community projects in the Niger Delta. By and large, it appears to be the result of a combination of the following factors. First, sustained and long-term technical input from Pro-Natura, and support by an oil company (Statoil) which was committed to this process. Second, the commitment of local elites early on in the process. This ensured that there were few tensions and little obstruction from local leaders. Third, by design, the process employed in Akassa allows for transparency and oversight on behalf of local people. This basic feature of the Akassa Foundation is likely to have yielded a positive reinforcement effect, once the first two factors were in place. According to interviews, the combination of participatory process and elite commitment has limited elite capture of project. Finally, the Foundation benefitted from the commitment of Pro-Natura staff in the face of the peaks in violence after 2005. One respondent in particular stressed that local people and Foundation staff had been highly impressed with the fact that work in support of the Akassa Foundation continued throughout that period (Interview 25).

One key element to the integrity of its participation process is the fact that the Foundation enjoys widespread support across the kingdom and has been successful in building consensus on its approach among local elites. Given the fractured nature of local politics in the Niger Delta, this alone represents a significant achievement. Specifically, it represents a stark departure from the past in which local elites were deeply divided in their jockeying for compensation payments and local contracts with oil companies. As has been outlined above, it appears that Kind Anthony played a particularly significant role in facilitating elite unity in support of the Foundation. In the days after the initial development planning exercise by Pro-Natura, for example, significant sections of the local elite were actively opposed to the establishment of the Foundation because they felt it might impede their ability to access sources of patronage from the oil companies and local politicians. This was the case specifically because the community foundation approach implies bypassing local elites, discussing development projects directly with local community and establishing new project-related institutions to oversee the process. In Akassa, as in many other places in the Niger Delta, members of the local elite frequently live in larger cities where accommodation is more comfortable, and uphold their local positions merely for the purpose of accessing patronage revenues. While patronage dynamics are unlikely to have completely disappeared, and accurate data on this point is hard to obtain, the operation of the Foundation and its central role in the kingdom is no longer a controversial issue locally. Most likely, this is due to the initial successes of the Foundation and the fact that for local elites, it is now more beneficial to be associated with it, than to stand against it.

In addition to facilitating credible participation, the Development Foundation has also transformed itself into an independent institution in its own right. While Pro-Natura continues to provide some capacity support as well as assistance in connecting the Foundation with other foundations and external donors, the Foundation is no longer completely dependent on its guidance. Instead, the foundation has the capacity to set priorities for its operation and continues to engage with the community on ways to expand its project portfolio. Significantly, the Foundation has recently been able to raise its funds independently from additional donors and has begun to run its own revolving funds mechanisms to allocate to small local projects. While this is the ultimate aim of all Community Foundations supported by oil companies in the Niger Delta, the Akassa Foundation is the only entity to have actually achieved this objective in practice (Interview 16).

More broadly, the Foundation has also played a useful role in helping the community deal with some of the challenges it confronts which are not immediately within the scope of the Foundation's projects. In this context, Joab-Peterside of the University of Port Harcourt has pointed out that "Akassa clan has experienced minimal conflict over oil" (Joab-Peterside 2007, 9).[15] It appears that local violence against oil

[15] It should be emphasized again that travel to Akassa during fieldwork was impossible not because of insecurity in Akassa but because of banditry, piracy and kidnappings on the waterways leading there.

pipelines and installations has abated significantly and are mostly due to insurgents over whom the community has no direct control. In the past, by contrast, attacks against installations were more frequent. Within the community, similarly, there are very few instances of violence as the Foundation likely provides a source of livelihood improvement which is valued throughout the community. More specifically, problems remain with disaffected youth who feel their share oil revenue allocations remains inadequate. These challenges are compounded by anecdotal evidence of young men returning from fighting with militias and now feeling that they have been short-changed by the Amnesty program which has rewarded militant leaders and not them. Analytically, this illustrates how contextual "insurgent violence" can have adverse effects on local communities. Unlike in other locations in the Niger Delta, however, these youth have, by and large, been integrated into the existing facilities of the Community Foundation. Their grievances have also been addressed in the dedicated committees on conflict resolution. As a result, there have been no reported instances of extortion or kidnapping by those youths in the local community (Interview 25).

In some cases, community members have taken initiative to begin addressing a set of local problems through the framework provided by the Foundation. For example, a communal Forestry Law has been established to balance livelihoods needs with concerns over environmental sustainability (Joab-Peterside 2007). In addition, local youth have designed and implemented a sea turtle protection plan intended to protect breeding areas of sea turtles along the coasts of Akassa. While sea turtles had once been abundant they have become a threatened species in recent years, due to pollution and pressure for land. This may be an indicator for the community being able to identified problems that go beyond the most immediate needs related to economic and physical security, and begin to think about development through a more long-term lens.

In sum, the Akassa Foundations successes can be described as the beginning of a virtuous cycle in which local elites, an oil company and local communities collaborate to achieve public goods and substitute for weak local government. As has been discussed above, creating this mechanism is the central justification of the community foundation approach. Having made significant progress toward this objective is what makes the Akassa Foundation a model case emulated by other oil companies in the Niger Delta.

Against the background of these existing achievements, however, the Foundation still faces two crucial challenges. The first is to ensure the sustainability of its achievements in the long term. In this vein, the Foundation cannot be called genuinely sustainable until some of its service delivery and governance functions have been taken over by the local government. This is a general issue for community-driven development projects, which often undercut local government capacity by establishing parallel delivery mechanisms for local services and small infrastructure. Those project are often successful because they bypass corrupt or weak government structures in favour of community based mechanisms. This formal state institutions further and rarely makes a contribution to their improvement. Only the state can fund services over the long term, while ensuring quality and equality of access.

In the Niger Delta, local governments are too weak to provide services effectively and equitably. In Akassa, the local government has not taken responsibility for any of the Foundation's activities. Crucially, it also does not appear that the capacity of Brass LGA has improved to any significant extent in recent years. However, moves are reportedly afoot to separate Akassa from Brass LGA in order to create a new LGA for the kingdom. This may enable some capacity gains for local government through the Foundation, but also creates the challenge of establishing a capable administration from scratch. More broadly, this point also raises the challenge of funding. In the absence of government funds, the Foundation was negotiating an extension of its operation fund with Statoil and had also approached other donors for this purpose. Without such funding, the Foundation is not presently viable despite having received external funding from additional donors (Interview 25, Oruwari 2006, 18).

A second challenge is the continued selectivity on the part of oil companies in allocating community projects. Unlike Statoil, most companies operating near Akassa, including Shell, Agip and Nigeria Liquefied Natural Gas, apply host community rather than area development approaches. They also do not appear to coordinate their programs with the Akassa Foundation. In the context of offshore production, this means that communities on specific stretches of coastline which face oil installation receive compensation because they are most likely to suffer from potential oil spills.[16] In 2010, for example, despite its recent focus on the community foundation approach, Shell offered to compensation funds to four specific communities in Akassa in connection with the development of an additional offshore oil block. While those four communities were in favour of accepting this assistance, the Council of Chiefs in Akassa rejected this offer, feeling it was likely to create further tensions within the community and undermine the Akassa Foundation (Interview 25). In this particular case, in other words, elite unity and commitment was strong enough to withstand the potential of additional patronage opportunities.

However, continuing host compensation may ultimately undermine elite unity and the commitment of local people to the specific processes espoused by the Foundation,

[16] In essence, this is the definition of an offshore "host community".

potentially risking its achievements. The fact that oil companies undercut even the most successful community foundation in the Niger Delta through their own programs suggests the limit to their commitment to the community foundation approach, as compared to their commitment to extraction. In the absence of effective local government, however, the success of the Foundation is still dependent on oil company policies. The analysis so far underscores the power and reach of oil companies at the local level, as well as the potential importance of building on the Foundation's successes in this respect. Moving forward, it remains to be seen whether the Foundation can withstand the challenges which emanate from the availability of such targeted, and potentially divisive, funds within the community.

Analysis: Key Distinguishing Features

What are the specific factors that may account for the relative success of the Akassa Foundation? As oil companies claim to emulate the approach in their own community relations toolkit (Idemudia 2007, 15), discussing these questions will enable a more detailed analysis of community foundation approaches in the subsequent chapters. As such, there are four main observations.

First, the oil company supporting the Akassa Foundation, Statoil of Norway, differs from most other oil companies active in the Niger Delta in two important respects. The central one is that the company espouses an area development approach whereby it supports all communities within a given catchment area and makes no attempt at identifying "hosts" (those subgroups affected by oil production in the most immediate way). This is in marked contrast to other companies operating offshore in the Akassa area. Despite the recent trend toward community-foundation approaches, they still tend to focus their community development activities on hosts. As has been seen above, this is also the case with other companies in Akassa. For example, one senior Shell community relations manager stated explicitly that Shell has no intention of adopting an area development approach and that Statoil was currently the only producing company in Nigeria adopting this approach (Interview 16). The second, related, factor is that Statoil is a relatively small oil company in Nigeria with a relatively recent history and no onshore production facilities. It therefore is not exposed to direct local violence and protests in its production areas. Compared to large onshore producers with a long history of local interactions onshore, particularly Shell, this enables to company to be more nimble in its approach to community relations.

Second, against this background, the Akassa Development Foundation was given a long time to establish itself. This timeline applied to the initial assessment of local needs as well as the unfolding of the participatory process and the establishment of capacity for the Foundation itself. This long timeline also required sustained commitment on the part of the corporate sponsor, the facilitator and a long term commitment to an approach whose benefits may not be immediately apparent. Given the short term focus of extractive industries, where the priority tends to be placed on ensuring the continuation of production in the present, this may be a tall order for other companies and is an additional factor distinguishing Statoil from its peers.

Third, Akassa benefitted from a well-established facilitator (Pro-Natura) which was perceived as genuinely neutral by all parties involved. In other words, oil companies cannot themselves establish and then facilitate a process in which they themselves are the most powerful stakeholder. Given the close connection between elites in the corporate, public and NGO sectors in Nigeria, finding such facilitation is a significant challenge. However, it is also a challenge to find sufficient goodwill within the oil companies to contract an organisation that comes with its own network and pre-developed approach. Of course, it is a well documented phenomenon that development donors prefer implementation NGOs to be focused on the effectiveness of their service delivery and not to advocate for specific approaches to development projects. Conversely, many implementation organisations have rebranded themselves "NGOs" in order to obtain contracts from development agencies, without espousing any particular development outlook or even specific experience. This was not the case with Pro-Natura. In particular, the organisation gained respect locally when their staff remained engaged with Akassa communities even when insurgent violence and hostage taking of foreigners peaked around 2006 (Interview 25).

Fourth, both oil companies and local elites need to be fully committed to the community foundation approach. With respect to companies, it has been outlined above how other companies continue to interact with communities in a way that undermines the Akassa approach. Those interactions, however, represent primarily a contextual challenge for the Foundation because there is no evidence that Statoil itself is not fully committed to the Foundation. In other areas of the Niger Delta, by contrast, oil companies continue to apply host community models as well as more direct co-optation of local elites through bribery even in those areas where they support community foundations. This is the case, for example, with a number of Chevron operations in Delta State, where the company continues to "do what it has to do" in order to ensure production locally (Interview 24). Similar observations are also made in the case studies in the subsequent chapter. By undercutting their own community foundation approaches, companies exacerbate existing local splits and further entrenched the fault lines along which local violence typically plays out.

With respect to local elites, the same logic also applies. Local elites have often sought to co-opt community foundation structures into their local patronage networks and capture the benefit associated with them. This point is further complicated by the fact that, in many places, oil company representatives are drawn from among the local elite. In Akassa, by contrast, local elites have largely cooperated as outlined above. Crucially, this cooperation was effective because local elites in Akassa are relatively united.

Finally, it may matter where oil production is actually taking place. While the people of Akassa have had a long experience with the adverse effects of oil production, this production is taking place entirely off-shore. In that context, it may be easier to establish a new system of revenue sharing than in a situation where expectations of compensation and shares in oil revenues are fed by ownership of the land on which oil facilities are located. The main reason for this are the strong feelings often associated with being "host communities", as argued above, and the long established entitlements to compensation engendered by this status. Unlike Akassa, communities in the case studies below are all exposed to onshore oil production. This means that location of production is not a relevant variable to explain differences in levels of violence observed in those cases. Recalling that oil production near Akassa is exclusively offshore, however, draws attention to the limits of the model.

Conclusion

This chapter has outlined how the oil companies have begun to respond to the threat to oil production which emanates from local violence. To protect oil revenues, they have begun to emphasise new approaches to community relations. This has mostly consisted of developing models based on the Akassa Foundation. While the foundation has been successful in many respects, two crucial points are generally overlooked. The first is that the successes of the Akassa Foundation are highly qualified and represent a relatively limited improvement to local governance within a system that remains characterised by the pathologies of rentierism analysed in the second chapter. Second, to the extent that positive outcomes have been observed in Akassa, those have been the result of a confluence of factors which were highly specific to that particular case. This represents a significant challenge to implementing the model in other locations, in addition to the severity of the Niger Delta Crisis itself. In the following case study analysis, cases will be analysed according to the success factors outlined above. In his brief mention of Akassa cited above, Frynas points out that the experience of Egi Kingdom in Rivers State was likely to shed some light on whether the Akassa model can be implemented elsewhere. This is to where the discussion now turns.

Chapter 4: Replicating the Akassa Model in Egi and Gbarain

This chapter moves the discussion towards detailed case study analysis. It focuses on two clans (Egi and Gbarain) where violence is high but production can nevertheless continue. The chapter seeks to explain the contribution made by the community foundation approaches used by oil companies in both cases. It finds that in both cases, they have been marginal to local conflict dynamics and the lives of local people more generally. This is the case despite the fact that both cases are among the most important production areas for Shell and Total, and have therefore had high profiles on the respective company's community relations agendas. Instead, the interaction of old patterns of co-optation and repression with divided local communities explains the levels of violence observed.

The chapter is structured in three parts. The first two discuss empirical evidence from the two cases. The third part focuses more explicitly on the failure of the community foundation approach through a structured comparison with the successful Akassa case.

Case Study 1: Egi Clan

Egi clan is located on the Western edge of Rivers state. It consists of a group of 16 communities and comprises a population of approximately 100,000 people. Most are members of the Ogba ethnic group, a subcategory of the Igbo ethnicity which is Nigeria's third largest and the major ethnic group of the Niger Delta. Egi is also the location of one of the most productive onshore oil fields in Nigeria, OML 58. The lead operator in this area is Total, which operates in joint venture with NNPC and a number of smaller oil companies. However, as lead operator, Total manages the community relation aspects of production at OML 58. Since it derives about 75% of its total onshore oil production in Nigeria from the area, protecting oil facilities from stoppages is a vital priority for the company. While eight of the Egi communities live directly on top of OML 58, the remaining eight communities are also affected by oil production, primarily because of the location of oil pipelines and flow stations on their territory, as well as the effects of pollution on neighbouring lands.

The local economy in Egi is based primarily on agricultural activities, with 37% of the population engaged in subsistence farming and 10% engaged in freshwater fishing (Egi Community Development Foundation 2007). Both activities have suffered significantly in recent years, as oil spills and displacements from oil production activities have caused pollution. Furthermore oil companies have provided some compensation payments to local people who own or inhabit specific tracks of land in production areas ("host community"), leading to tensions within the community over those payments (Interviews 34, 35).

Egi is part of the Ogba/Egbema/Ndoni Local Government Area (LGA) of Rivers State.[17] It is subdivided into four wards, each of which is represented by an elected councillor at the LGA level. At the traditional level, the clan is headed by a paramount ruler who is assisted by a council of elders. In each of the 16 communities, there is also a paramount ruler as well as a number of chiefs and elders who play different informal roles depending on the specific community. In general terms, their responsibilities relate primarily to intra-communal conflict resolution, cultural affairs and organising the relationship between the different communities. With respect to conflict resolution, local structures include arbitration panels, elders' peace-building committees, general community assemblies and chieftaincy councils at both the clan and community level. When no agreement can be reached, criminal cases and specific disputes are passed on to the system of formal governance or the criminal court. As has been outlined in previous

[17] The following two paragraphs draw on a baseline study by the Egi Community Foundation (2007).

chapters, this arrangement is in keeping with general practice in Nigeria, and much of Africa, where traditional governance often regulates internal village affairs in rural areas.

In addition to the traditional power structures, there are also a large number of community associations and functional groups at both the clan and community level. As is common in communities in the Niger Delta, the most powerful institution is the Community Development Committee. It is an institution required by law and manages the interaction between the traditional system of community governance and the formal state system. Specifically, it deals with daily administrative tasks and is also intended to articulate development needs of the community vis-à-vis external entities. The Egi People's Forum acts as the umbrella group of community associations in this system. There are also groups representing young people (Egi Youth Foundation) and women (Egi Women Welfare Association). In the typical traditional hierarchy at the community level, those three groups tend to be the most influential and their leaders tends to form the community leadership along with the paramount ruler and his deputy. Relatively speaking, the Women's Group is typically the least influential of the three with respect to general matters. However, it retains considerable power because of its influence over issues which affect women only. In addition to these general institutions of community governance and interest articulations, Egi also has a large number of institutions specifically geared towards interaction with the oil companies on specific issues. These include the Egi Pipeline Landlords Association, the Egi Oil and Gas Producing Families group and the OML 58 Consultative Committee (Interviews 34, 35).

Traditional governance continues to yield considerable influence and ability to impose their decisions on community members. Local government, by contrast, does not have the capacity to fulfill either a service delivery or a regulatory function with respect to oil production. As in many locations in the Niger Delta, one indicator for this is that key members of local government, as well as traditional leaders, live in Port Harcourt and spend most of their time outside their communities. During fieldwork, for example, it was impossible to physically locate any local government representative because none were at their houses in the community or in their offices. In addition, institutions of traditional rule, functional committees and local government often have overlapping and unclear responsibilities. They sometimes compete among and between each other for authority on particular matters of local policy. This informality and flexibility creates entry points for co-optation and manipulation. In practice, therefore, the role of local government is played by Total, particularly in the area of local service delivery. Given that those services are generally insufficient, this makes the company the target of local discontent.

Main Issues of Conflict and Contention

As in many other parts of the Niger Delta, the grievances held by the local population about oil production center on two main issues. The first is the lack of socio-economic trickle down of the oil revenue created in Egi but accrued elsewhere, namely in Lagos or Abuja. For one, oil installations create few jobs that are accessible to local people. This is partially due to the fact that, as a capital intensive industry, oil production requires few unskilled labourers and the skills base among people in Egi is not sufficient to yield local access to the jobs created by oil production activities. Local production agreements contain specific provisions on local labour supply for oil production facilities, but communities often feel that companies do not honour those agreements. Given the absence of government institutions, communities have come to expect that oil companies provide services instead and frequently feel that Total falls short of this expectation (Interviews 4, 34, 35).

The second major point of contention is ownership of the land on which oil production facilities are located. One major dispute is related to alleged land theft by Total, in which the company allegedly acquired approximately 160,000 hectares of land at various sites without providing adequate compensation. This land was intended for upgrading work on the OML 58 oil field, which is Total's largest investment in Egi since it began producing there in 1966. According to Nigerian newspapers, the total volume of this investment is US$3 billion (Igbikiowubo 2008). The land has since been used to erect about 500 new oil wells, as well as the required oil pipeline infrastructure to transport the oil thus produced to the coast for shipping. In addition to the disputed ownership of the land itself, affected families allege continued harassment by local thugs and security forces, acting on behalf of Total. They claim to have been displaced from their properties without adequate process of compensation (Interviews 34, 35).[18] The exact number of people affected is unclear, but newspapers report that a total of 300,000 people derive their livelihoods from the land in question and face displacement without adequate compensation (Obodoekwe 2009). This number was also quoted locally but is difficult to verify.

A 2007 socio-economic baseline study sheds some light on local perceptions of Total in this context. It was sponsored by the company in preparation of the establishment of the Egi Community Development Foundation. It shows that local people are mostly critical of the company's role in their communities and do not feel that Total's activities are beneficial for them. As such, 58.1% of respondents felt their interactions with Total were poor. This perception varied considerably within the sample, rising to 92.2% in the oil bearing community of Obiyebe, for example. The report attributes discontent with

[18] During fieldwork, documents were obtained to substantiate these claims.

Total to a feeling among respondents that their socio-economic status has deteriorated in recent years while oil production has expanded. Specific points raised were pollution, acquisition and conversion of farmland for oil production use, declining agricultural yields, health hazards from oil and gas production, lack of commitment to community development by Total and lack of respect by for agreements with the community (Egi Community Development Foundation 2007, 283–286).[19]

However, only few respondents (12%) remembered any attacks on oil company facilities by community members (Egi Community Development Foundation 2007, 284–285). This is a surprisingly low number. In the volatile context of the Niger Delta, however, such figures should be interpreted with an appropriate degree of caution. Given the fact that the study was ultimately sponsored by Total, respondents may have underreported their exposure to local violence for fear of reprisals by the company against their community. They may also have had tactical consideration in giving their response, hoping that Total may reward peaceful communities with additional resources.

In fact, oil production in Egi has long been accompanied by considerable violence. In one incident, on 8 November 2010, a group of youth protested in front of the main Total compound in Akabuka community. Their protest was directed at what they perceived was the discriminatory nature of job allocation at the facility, which did not provide opportunities for members of the local community. In the course of this protest, an altercation developed between some of the youths and a group of soldiers, in the course of which one young man took the gun of one of the soldiers and took it with him. The soldiers retreated and requested reinforcements from their base. In the meantime, the

[19] Unfortunately this report only became available toward the end of the fieldwork. There was no opportunity to discuss its findings in the interviews.

young man had surrendered the weapon to one of their leaders, who tried to return it to the local army base in order to prevent violence. The army reinforcements, however, had already departed their base and tracked down the youths, shooting three of them dead. When word of this extra-judicial killing research the community, other youths and members of the community attacked Total production facilities, and burned and vandalized production equipment (Masha 2010; Interview 34).

This particular incidence is the latest in a long serious of violence and protests related to oil production in the Egi communities. As the following examples from local media reports show, violent contestation and repression are not recent phenomena:

- In October 2001, security forces killed a student member of the Egi Youth Front in events surrounding political mobilisation over resource control. According to student leaders at the time, this was not the first extra judicial killing of student activists who had taken a stance on oil related issues (Onwuemeodo 2001). Events such as this show how violence underpins of oil rent allocation and that the security forces play a significant role in that repression.
- On 17 March 2003, youth members of the Egi Producing Families Youth Association occupied and shut down a Total (then TotalFinaElf) flow station in Ogbogu community. The underlying dispute related to allegations that the company was not honouring the compensation provisions of its agreement with the group (Ofiebor 2003). Such events show that disagreements over whether local agreements have been honoured can result in local production shut-downs. In this context, it is immaterial whether the specific agreement has actually been breached. The important issue is local perception and a lack of trust between the stakeholders, set against a long history of violence and oil company exploitation.

- On 20 August 2004, 250 individual contractors (mostly youth) from Egi were beaten by police in Port Harcourt over a pay dispute as they came to collect payment for work already completed (Bassey 2004). This type of incident shows that disputes not only arise over compensation payments but also over wages. In either case, the oil companies are backed by the repressive apparatus of the state.
- In 2009, tensions first surfaced over the alleged displacement of large numbers of local residents for a planned facilities upgrade on the part of Total (to be discussed below) (Obodoekwe 2009). In subsequent months, local leaders representing the displaced families were repeatedly harassed by private security agents and members of the local community who had sided with Total.[20] This dispute is ongoing and continues to affect many local residents. During fieldwork there appeared to be no solution in sight. This type of dispute underlines an additional dimension of conflict in Egi, whereby Total and the state effectively disown property to expand oil production. Such expropriations, however, are not in the public interest since oil revenues accrue privately. Compensation of the loss of land is inadequate which is particularly important in rural communities where livelihoods are tied to access to land.
- In March 2010, the Egi Youth Federation issued a statement criticising the oil companies operating in the area for failing to support community development. The Federation warned of clashes and further tensions if those grievances were not addressed (Onoyume 2010). This underlines the continuing salience of community development allocations in the communities and the fact that neither the associated rhetoric nor the socio-economic structures have changed much over

[20] Documents substantiating this claim were obtained during fieldwork.

the last ten years. In this vein, smaller scale protests, occupations of oil facilities and smaller attacks have occurred continuously over the last ten years, but have not always been recorded in the media (Interviews 4, 34, 35).

The Egi Community Foundation and Its Impact

Against this background, Total proposed an "Integrated Community Development Plan" for Egi in 2009. It represents the company's attempt at improving its relationship with local communities by applying the community foundation approach, with the ultimate aim of ensuring that local violence does not impact oil production in the area. The plan was launched with considerable fanfare and lauded in the media as "paradigm shift in the approach to community development by Total in its operating areas" (Shosanya 2009; Vanguard 2009). Incidentally, this particular turn of phrase was found verbatim the two newspapers articles cited as well as a Total press release (Total 2009). It was mostly likely adopted directly from the press release by the newspaper journalists. This underscores the influence which oil companies can yield on public affairs as well as the vast gap in capacity between local and national organisations, including private sector newspapers, and international oil companies. Furthermore, despite the fact that oil companies consistently state that they are subject to oversight by the Nigerian government, both press reports read very much like announcements of a new government local development plan. Local government representatives were reported to attend the presentation ceremony merely as "stakeholders" and did not appear to have any kind of leadership role.

The community development plan focuses on a number of priority areas, including education and training; capacity building and skills training; agricultural development; infrastructural development, environmental improvement, and civil society and institutional development. In this, the Plan was said to feed into the relevant national and regional development plans (most notably the National Economic Empowerment and Development Strategy, the Rivers State's State Economic Empowerment and Development Strategy and the Niger Delta Regional Development Master Plan). Its planning horizon was 15 years which, at least in theory, signals that Total continues to view its position in Egi as a long term investment, despite the challenges arising from local violence (Egi Community Development Foundation 2009).

One result of the Plan was the establishment of the Egi Community Development Foundation as institutional vehicle to achieve its objectives. The official aim of this structure was to centralise the previously disparate system of local compensation and to ensure that oil revenues would be allocated locally through participatory mechanisms. In a nutshell, the Foundation allocates community development funding provided by Total by applying the Akassa model. In keeping with the community foundation approach, management committees were established to manage development activities but also to improve the internal governance of the community. The main management committee was led by an elected board and a had full-time program manager. Various subcommittees representing specific local interest groups and addressing specific local problems were established. The initial establishment of the Foundation was supported by Pro-Natura, the NGO which successfully supported the Akassa Foundation, and the structures modeled on those established in Akassa. However, this support appears to have been rendered only in the initial phase of the Foundation’s establishment. The reasons for the apparent early end of this collaboration may potentially be revealing, given that Pro-Natura has continued to support other Community Foundations which seek to emulate the Akassa Model. Unfortunately, no insights on this point could be gained during fieldwork interviews.

In terms of concrete outcomes, fieldwork results suggests the Egi Community

Foundation has had only little impact on community development and no impact on violence across Egi. For one, it is difficult to establish which activities have been undertaken and what the budgets for them were. During a fieldwork visit, a large community meeting for women was observed. In the course of that meeting, repeated mention was made to various training and "empowerment" initiatives intended to educate women and strengthen their role in the local community. However, in terms of community development, such education activities are relatively easy to implement through contracting specialised NGOs, as was the case during that meeting. It is considerably more difficult to ensure that relevant skills are provided and to establish the participatory structures envisaged under the community foundation approach.

In terms of institutionalisation, no external donors had made contributions to programs in Egi through the Community Foundation by December 2010, even though providing a platform for attracting external funding to the community is a key module of the approach. Indeed, this is one of the key indications of success of the Akassa Foundation. In fact, the Egi Foundation continued to be dependent on Total for its operating as well as program budgets and negotiations had recently begun to seek further funding from the company (Interview 4).

With respect to violence, the Foundation has had only a negligible impact on local patterns of negotiation and channels of communication which could head-off violence at moments of tension. This is illustrated by the army shooting of three youth in November 2010, which has been discussed in more detail above. To some degree at least, that incident was the result of miscommunication among different local actors. Even though a community leader had decided to return the stolen gun, and was already on his way to the army barracks, soldiers went to attack a groups of youth at the same time. Had a channel of communication been readily available, the subsequent deaths may have been averted. Similarly, according to local respondents, the ongoing conflict over land appropriated for the OML 58 upgrade has been similarly unaffected. The Community Foundation has not provided a forum to work towards a more amicable agreement in this dispute. Perhaps even more significantly, local leaders involved in the dispute do not interpret the establishment of the Foundation as a sign of goodwill on behalf of the company. Instead, they felt that the Foundation was merely another vehicle for co-opting and rewarding specific members of the local community and thus did not represent a novel approach to Total-community relations in Egi at all (Interviews 34, 35).[21]

During fieldwork in Egi, a number of perspectives emerged on the marginal role played by the Foundation in the community and its concomitant failure to help reduce violence. The first was that the Foundation appeared ineffective in addressing broader local development problems. In the absence of such impact, the Foundation as a whole is likely to have little recognition in the community. In one interview, for example, two members of the Egi Women's Welfare Association, confirmed that most instances of violence are related to grievances experienced by youth and most often revolve around the lack of jobs and socio-economic opportunities (Interview 7, 8). In reality, the Foundation has not created opportunities that may impact patterns of violence.

Second, the community itself continues to be severely divided in its relationship with Total. This is the result of a long history of interactions with oil companies employing host compensation and co-optation approaches. For one, within the community itself, two groups have emerged to negotiate with Total on the land dispute related to the upgrading of OML 58. Local people feel that one of those groups has been

[21] Both respondents are involved in this particular dispute.

created by Total as a front to co-opt certain members of the local community and to act as front in designing a settlement agreement favourable to the company. The other group, by contrast, is seen to represent the remaining members of the community whose land is affected by the project. They have taken a more adversarial approach in their dealings with Total, seeking to oppose the company in court and through grassroots mobilisation, and reportedly have been subject to violent intimidation by the company and its local allies. Similarly, allegations have been made that Total has created additional shell groupings with whom to negotiate production agreements in specific areas. Those accusations have resulted in significant tensions among members of the local community, and between the communities and Total (Interviews 34, 35).

In this context, respondents appeared to perceive the Foundation as an extension of the company and not as an independent institutional structure. In terms of their own grievances, respondents felt that they had the option of voicing them with the local facilitator who may or may not chose to pass them on. They noted that he had himself been a Total staff member in the past and that his position continued to be funded by Total. In other words, it appeared that no distinction was made between the facilitator being paid "by Total" and being paid by the Community Foundation. From this perspective, the Community Foundation would not be seen as a neutral entity but merely an extension of Total community development activities (Interviews 7, 8, 34, 35). Given the mistrust felt toward Total and the close perceived connection between the Foundation and Total, therefore, the committees of the Foundation have been marginal to addressing pertinent local issues.

Furthermore, it was also evident that significant sections of local elites are well connected with both Total and the federal government. This casts doubt on the neutrality and potential effectiveness of the Community Foundation, given the well-documented extractive alliance between the state and oil companies nationally, and the long history of government-company collusion in repression locally. In this context, local people may be suspicious of the reasons for the establishment of the Foundation in the first place. For example, a group of local Chiefs occupy high offices in the state arm of the People's Democratic Party, Nigeria's ruling party. A previous NDDC managing director, furthermore, hailed from the Egi elite, but was suspended during the fieldwork period on allegations of corruption (Akanbi 2011). In addition, the current head of the Egi Community Foundation is also from Egi community. A member of the local elite, he was awarded a contract for ensuring the continued functioning of Foundation activities as well as other contracts from Total. Generally speaking, this may be the result of a history of co-optation in Egi, which puts local elites in a privileged position when it comes to controlling the resources of the Community Foundation.

Finally, but crucially, it also became clear during fieldwork that the Community Foundation has not standardised the way in which Total is allocating local compensation. This adds further credence to the local suspicions regarding the reasons for Total to establish the Foundation in the first place. In essence, Total appears to be lacking sustained commitment to the community foundation approach. The company continues to provide payments to certain narrow local constituencies, including specific members of the local elite. It also operates a system of differential compensation for well-connected local landowners and key community members who have agreed to cooperate with it. According to a member of the local community intimately acquainted with this issue, "they do what they have to do" to ensure that production can proceed (Interview 4). In addition, the Community Foundation has not served to coordinate Total compensation projects with those delivered through other channels, particularly the NDDC (Interviews 7, 8, 34, 35).

In essence, this discussion of Egi Clan suggests that Total is primarily committed to achieving sufficient stability to ensure continued oil extraction - and not to supporting community development. The Community Foundation is one specific tool used toward this end, but can best be understood as a mechanisms of co-optation rather than a new approach to community relations. From a theoretical perspective, the Egi Community Foundation is not in a position to foster the development of new informal institutions at the local level which would be capable of mitigating violence by providing channels for dispute resolution between different stakeholders. The following section asks whether Shell has achieved this objective in its Gbarain-Ekpetiama GMOU cluster.

Case Study 2: Gbarain Clan

Gbarain clan is situated in Gbarain-Ekpetiama Local Government Area, Bayelsa State.[22] It is one of the clans living above Gbarain oil field, which is one of Shell's most important production sites in West Africa (Dadiowei 2009). This gives the company a major stake in ensuring that production can proceed smoothly. At present, Shell conducts two types of operations in Gbarain. The first is the exploitation of the Gbarain oil field itself. Boreholes, flow stations are ubiquitous in the communities. In addition, and amplified by the significant expansion of production capacity over the years, support infrastructure had to be constructed. This includes significant road expansion which, in principle, is welcomed by local communities because they also benefit from improved transportation linkages. What matters, as will be seen below, are the details of planning and the quality

[22] The fieldwork focused primarily on Obunagha community of Gbarain clan. Where relevant, the discussion will refer specifically to either the entire clan on the specific community.

of construction. However, infrastructure expansion also entails the construction of larger pipelines to pump oil and gas toward the coastal terminals. This is considerably more controversial since there are no direct benefits to communities from such facilities.

The second Shell activity in the area is the Gbarain-Ubie Integrated Oil and Gas Gathering Project. It is the company's biggest oil and gas project and covers 12 producing fields and 15 new subfields within the Gbarain field. The project captures associated gas from crude oil at the flow stations, where gas is currently flared, and delivers it through pipelines to a central processing facility for commercial use and to Bonny Terminal for export. During the period of construction, project activities include clearing bush and forest areas, laying pipelines, expanding waterways for transportation and constructing of a large logistical base (Ereba and Dumpe 2010, 30; Shell 2011c). Construction was nearing completion during fieldwork and the plant has since commenced operations.

The socio-economic base of communities Gbarain clan is fishing and farming. The area they inhabit is characterised by wetlands criss-crossed by creeks and rivers, as is typical for the Niger Delta environment. Approximately half the land is flooded each year when substantial sections of farmland are completely submerged. In this context, river bank erosion presents a significant infrastructure challenge. In terms of agriculture, the tropical rainforest ecology historically provided fertile grounds for food crops (cassava being the main crop). The forests also provide rich timber and non-timber resources. In terms of fishing, the creeks, lakes and seasonally flooded plains provided substantial fish, shrimp and lobster resources (Dadiowei 2009). Broadly speaking, furthermore, the local system of traditional governance is similar to the one sketch above for Egi.

The livelihood base of people in Gbarain has been significantly affected by oil production in two main ways. First and foremost, the pollution caused by frequent oil spills have dramatically reduced agricultural and fishery yields. In a rural economy, this alone is devastating. In addition, however, the infrastructure constructed for subsequent expansions of the Gbarain oil field has had further severe effects on the local ecology. For example, the construction of a large feeder road has disrupted large swaths of agricultural land as well as significant areas of local forestry. This is because the local wetland ecology is particularly sensitive to the changes induced by dredging and sand filling activities in the course of road construction (Dadiowei 2009).

The second issue is the distorting effect of company payments. In the absence of adequate livelihood opportunities, local people have looked to Shell for providing compensation payments. Those include both contributions to general community development projects as well as compensation payments for specific oil spills, both administered within the logic of host community allocations. Compensation payments for pollution in particular carry considerable moral weight. This is because they are seen as recognition of the fact that local communities not only forego the economic benefits of oil production but are also made to bear the economic cost. However, they also raise tensions as community members dispute specific allocations and compete for host status.

By and large, these challenges are similar to the ones experienced in Egi and, indeed, are typical for the Niger Delta as a whole. In essence, they are mutually reinforcing in disempowering the local community and increasing its reliance on Shell. As will be seen in the following section, this increases the salience of disputes surrounding both ongoing oil production and the gas plant construction project.

Main Issues of Conflict and Contention

The relationship between local communities and Shell has been highly conflictual. As will be seen below and has resulted in considerable violence. First and foremost, communities feel they have not been adequately compensated by Shell for oil production activities (Interviews 26, 27). This feeling of disappointment has a number of components. The first is access to the jobs which become available during the oil field expansion and the construction of the Plant. As is the case in many oil production sites across the Niger Delta, local people have been excluded from most full time jobs on the oil fields and it is very difficult to obtain exact numbers on the employment pool of subcontractors, including those who service the oil facilities and those who are tasked with specific construction projects. In Obunagha, which is directly adjacent to the site of the gas plant, all respondents felt that job allocation to locals was inadequate (Interviews 29, 30, 31).

Within the community, and between different sections of the community, the allocation and distribution of jobs that do exist is particularly contentious. In the capital intensive oil sector, few locals can compete for the full time technical staff positions. In the case of upgrades and facility expansion projects, however, the number of non-skills jobs temporarily expands significantly. In Obunagha, a major fault line runs between the paramount ruler and other members of the local traditional leadership structure, particularly the Youth Council and the Community Development Council. In a nutshell, those other members accuse the chief of elite capture of the economic benefits provided by Shell construction and operation activity by monopolising the allocation of available jobs to community members. Specifically, they accuse him of acting as gatekeeper between the community at large and the company, thereby receiving pay-offs from both Shell as well as job-seekers. According to respondents, for example, approximately 80% of available jobs are thereby allocated to non-community members who are able to pay the requisite fees to the chief (Interviews 29, 30).[23]

One incident in particular was mentioned during interviews as the main event which cemented divisions between the two sides. In early 2010, Shell awarded a catering contract for its site in Obunagha to one of its subcontractors. The contract involved 16 jobs, all of them low skilled and therefore suitable to the local community. Under the Memorandum of Understanding between Shell and the community, those jobs should have been allocated to members of the local community according to a pre-determined formula. According to various other members of the local leadership, however, the chief instead awarded those positions without consulting the community. Most positions were awarded to applicants from outside the community. According to respondents, this was indicative of the close relationship between the chief and Shell. Respondents also claimed that the company has largely delegated managing its relationship with local communities in the area to traditional leaders, who now derive benefits from the allocation of contracts and labour positions. This is contrary to the Memorandum of Understanding, which tasks the Community Development Committee with addressing these issues (Interviews 30, 31).

The conflict over the allocation of these catering jobs had two immediate consequences, as relayed by respondents in Obunagha. First, the community forced a suspension of the entire contract, pending resolution of this issue. This was done by threatening a blockage of the local Shell facilities. The net result of this episode was that, during the research visit to Obunagha in November 2010, nobody was working on the catering contract and the community was missing out on this particular source of badly needed income. The second consequence was significantly more wide-reaching. Given

[23] Respondents were intimately acquainted with this issue.

that many in the community had felt alienated by the chief's actions with respect to Shell for quite some time, competing members of the local elite launched a leadership challenge seeking to overthrow the paramount ruler. This challenge has resulted in significant violence, including regular armed confrontations among community members. Other work sites, operated by different contractors, have also been blocked as a result of this confrontation, including a community road building project. While the youth leader himself is among the chief's leading challengers, other youths have reportedly been hired by the chief to provide protection services (Interviews 29, 30, 31). This is a common occurrence in the Niger Delta, where youth groups often challenge the access of established local elites to co-optation and patronage arrangements with oil companies. At the same time, unemployed youth are also often hired by local elites for protection services (or in order to fight for the insurgency).

In addition to the availability and distribution of jobs, a second contentious factor in the community is the process by which Shell has arrived at its site selection and infrastructure planning decisions as well as those decisions themselves. Much of the ill will created in this process centered on the Environmental Impact Assessment conducted by Shell in the course of planning the Gbarain-Ubie Integrated Oil and Gas Gathering Project. Under Nigerian law, Environmental Impact Assessments are mandatory for projects of such scale (Federation of Nigeria 1992). It is also a requirement according to Shell internal operations procedures which require Environmental Impact Assessments even for small projects.

In essence, the project has two components, the plant itself and approximately 60km of pipelines to connect to Shell's main gas pipeline through which the natural gas collected travels to the Bonny Liquefied Natural Gas terminal in Rivers State. With respect to the plant, the Environmental Impact Assessment exercise appears to have been deeply flawed in a number of respects. First, it did not provide for adequate public scrutiny. Copies of the draft report were not displayed for public feedback for the 21 day period required by law. Second, the report has a number of significant omissions. In one instance, it ignored an entire section of ecologically significant forest and failed to suggest ways to route an access route in a way which would have preserved the forest. As a result, the area of forest was cut off from the swamps and later died. In another instance, it appears that whole sections of the report where copied from another location, referring to a saltwater environment even though the Gbarain ecology is based on freshwater. Starting in 2003, when plant construction had already begun, Shell commenced a second Environmental Impact Assessment. Over the following years, communities protested repeatedly and sought to prevent the work from being carried out. Shell responded by enlisting the Governor of Bayelsa to try and convince local communities to let the Assessment proceed. This attempt proved unsuccessful. In addition, Shell reportedly also tried to deal directly with different communities within Gbarain clan (Dadiowei 2009; Ereba and Dumpe 2010, 30–35).

With respect to the pipeline, Shell has commenced work without a specific Environmental Impact Assessment. According to the company, the pipeline was part of the Assessment for the main plant. However, under Nigerian law, a discrete project of this kind should have required its own Assessment. In the case Ogboloma community, this has resulted in the pipeline being routed through ancestral cemetery grounds, leading to protests by local people. In February 2009, for example, hundreds of women from the community blocked the work site and forced a suspension of construction activities. It should be noted that during interviews in Obunagha, community members stated explicitly that they had not seen the Environmental Impact Assessment for the main plant, even though they were generally aware of its existence. They did not feel that it had had a significant impact and had not been heard in the assessment process (Interviews 29, 30).

This issue contrasts with the conflict dynamics discussed so far because local elites do not appear to play a role in it. Instead, it is a direct illustration that Shell prioritizes the progress of its projects over ensuring that those projects can be implemented without adverse effect on local communities. While the company often blames local elites for shortcomings in its relationship with local communities, this is not possible in this case. Shell itself appears to have bypassed its obligations under law as well as its own commitment to good practice, whereby project activities require stakeholder consultation and adequate attention to environmental issues. As has been outlined above, environmental protection is not merely a conservation issue but has direct implications for the ability of local people to pursue agricultural livelihoods. In the absence of effective state regulation and in a context of weak local governance, the company is able to conduct its local affairs nearly unencumbered by local rules.

The third contentious issue in Gbarain clan are pervasive delays in the implementation of community development projects (Interviews 26, 29, 30, 31).[24] With respect to the compensation and community development activities directly linked to the Gbarain-Ubie Integrated Oil and Gas Gathering Project, two main concerns have been reported. The first is a weak process in appraising the nature of specific projects. The Participatory Rural Appraisal approach typically used for this purpose, including by Shell, has been characterised by lack of adequate dissemination and allegations of elite capture. In many cases, the community liaison officers in charge of managing the process

[24] Respondents raised the projects mentioned but, unfortunately, no complete project list could be obtained.

reportedly offered a pre-determined menu of projects available, rather than conduct the open ended process required by the participatory appraisal approach. This leads to charges for corruption between specific contactors and the liaison officers.

The second, related, concern is that local elites allegedly monopolise the process by requesting activities which benefit them rather than the general population. In this case, local elites benefit not from the implementation contracts but from the services provided by the project itself. On the whole, this illustrates the shallowness of the participatory process at the heart of oil company service delivery. In theory, participatory mechanism are intended to increase transparency and limit opportunities for elite capture, thereby broadening access to services in the community. In reality, however, Shell has not made sufficient efforts to move beyond its reliance on local elites as mediators with local communities. This has lead to violence in some instances, where community members have attacked and destroyed projects that were designed and implemented in a way that served only a small number of privileged community members.

Finally, it also appeared that Shell has prioritised its own construction projects over those benefiting the community. In Obunagha, members of the Community Development Committee felt that the reference period by which they would have expected community projects to be finalised was the construction schedule of the Plant itself. In late 2010, however, it was clear that the community projects were still far from completion, while the Plant was close to being opened. Community members reasonably asked why Shell had the capacity to manage its contractors working on the main project, while the company claimed that it had little leverage over its contractors working on the smaller projects. For them, the company revealed its true priorities by neglecting the needs of the community while prioritising its own needs (Interviews 30, 31). It was clear that in the case of these community project, the company sought to hide behind the subcontractors it engaged for particular activities. Respondents, however, did not go along with this logic and continued to refer to "the company."

The GMOU and Its Impact

To improve its relationship with local communities, Shell concluded a GMOU with Gbarain and Ekpetiama clans, grouped as Gbarain-Ekpetiama Development Cluster. The management and institutional structures under this approach are similar to those found in Egi. Local committee structures have been established and the community has been allocated a small budget envelope to spend on community infrastructure activities in a participatory manner. No external donors have so far contributed additional funds. Table 3 below provides a list of GMOU projects for Gbarain and their status.

Table 3: Status of GMOU Projects in Gbarain in April 2009

Item	Shell commitments according to GMOU	Project status
Infrastructure		
Water	Provide access to potable water for all communities by constructing facilities	No construction. Shell is providing water by truck.
	Build community capacity to operate facilities	A few youths trained
Electricity	Connect communities to state power system	No action
	Support capacity of public power supply	
	Provide electricity back-up in 1 community	
Roads	Construct 7km, including 2km within communities	No internal roads constructed
Civic centre	Construct 1 hall with basic sports equipment	Only construction completed
Schools	Construct 6 classrooms in 1 community	Not implemented
Health projects		
Health centre	Construct and equip 1 health centre	Only construction completed
Health post	Construct and equip 1 health post	
Hospitals	Support state government in equipping 2 hospitals (for cluster) [25]	No action taken
Human capital development		
Employment	Support establishment of oil and gas employment bureau	Completed but few jobs available
Training	Continue with existing youth training schemes	No evidence of progress
Scholarships	Award 80 tertiary scholarships (for cluster)	
Equipment	Equip 1 craft training centre	Completed
	Provide laboratory equipment in 8 schools (for cluster)	
Economic empowerment		
Projects	Provide N200 million for projects (for cluster)	No funds provided
	Provide 4 buses and train drivers (for cluster)	Completed
Public relations		
Sand	Provide 5,000 m^2 of sand after dredging	Provided but misused

Source: Adapted from Emmanuel (2010, 60–62).

Given the lack of transparency in the GMOU process, it is unclear to what extent Table 3 is exhaustive. No additional project lists or project budgets could be obtained during fieldwork. Nevertheless, what stands out is the slow pace of project implementation, which corroborates the statements made by respondents to this effect. A further interesting observation are the problems associated with providing 5,000 cubic metres of sand to

[25] Some commitments are for the entire cluster and cannot be disaggregated.

local communities. Shell had planned to distribute this sand, which was collected during waterway dredging, to local communities as a goodwill (public relations) gesture. However, the company did not have a process of allocating the sand fairly to potential recipients. Such mechanisms are important because in poor rural communities, sand represents a valuable resource that can be used in a variety of ways. In the end, the owners of plots where the sand was store misappropriated the entire batch, angering those who did not receive an allocation (Emmanuel 2010, 62). This anecdotes encapsulates the dynamics which often surround oil company projects as specific individuals manage to capture project benefits because monitoring and implementation mechanisms are insufficient.

Among the project listed in Table 3, the ones that are most significant for Gbarain's Obunagha community are road building, the provision of water and electricity. The water project has been particularly slow and water trucks could be observed during a fieldwork visit on 22 November 2011. According to members of the Community Development Committee, the contractor has not paid the workers who were engaged for the site and Shell in turn has not exerted pressure on its subcontractor. In this case, the insinuation clearly was that the funds had disappeared due to corruption. Given the general prevalence of corruption, this is plausible but could not be verified. In the weeks prior to field research in November 2010, a group of women had staged a protest in the community against the slow progress of this project. By contrast, community members felt more satisfied with the way in which the contractor engaged by Shell for road construction related with the community at large. While the project had not been completed, there had been some recent progress during fieldwork in late 2010. Most likely, Shell prioritised road construction because it benefits both the company and the community. Providing local communities with water, by contrast has very little direct payoff for the company, other than providing a benefit to the community which may create goodwill. It does nothing, however, to facilitate production itself, which is the company's main priority.

Against this background, the community structures established by the GMOU appear to have made little difference to the low level of trust between the community and Shell. In addition to the slow pace of project implementation per se, there are a number of reasons for this. First, the level of transparency and accountability of the company's production and construction activities have not improved with the signing of the GMOU. In Obunagha, members of the Community Development Committee felt that Shell often reneged on promises it had made. The company's community liaison staff were reported to be easily accessible but the lack of progress on the local projects showed that such interaction had little tangible results.[26] Crucially, community members felt that the many and sometimes overlapping committees of the GMOU create room for Shell to avoid their criticism and play for time in a pseudo-consultative process. In other words, it is a tactical concession to protect production.

The chieftaincy conflict over the allocation of 16 catering jobs in the Gas Plant, furthermore, shows that Shell does not use GMOU committees for general interactions with the community. In fact, causing stoppages of the big Shell project remains the best way for the community to make its voice heard with Shell. As such, community members clarified during the interviews that they intend to block the opening of the Gas Plant "as a last resort", in case their grievances had not been addressed by then. Similarly, in the course of one of the fieldwork interviews, community youth blocked the Obunagha road

[26] During fieldwork, letters written to Shell in this respect were produced.

project because of their dispute over jobs with the chief, whom they accused of having placed ghost workers at this particular site (Interviews 30, 31).

In this connection, there is a local perception that GMOU structures are merely an extension of Shell itself. Gbarain communities continue to see projects as direct compensation for the Gas Plant project as well as Shell's general production activities. As such, the fact that many community projects have been inadequately implemented causes frustration because local people feel they have already endured project activities without now receiving adequate payment, while Shell has completed its own projects according to schedule.

A second reason for the continue lack of trust between communities and Shell is that the GMOU institutions themselves are divided. Specifically, some members of the Community Development Committee allege that Shell conducts its business with the foundation through the local chief. His official role in the foundation is primarily ceremonial but Shell appears to rely on him to implement compensation activities through the foundation in a speedy and effective manner. To some degree, this may be the result of past co-optation of local elites by the company, which put the chief in a particularly privileged position to benefit from resources provided under the GMOU. For the company, in turn, it continues to be easiest to do business with him, rather than to go through the committee structure of the GMOU.

In general terms, in contexts where local project stakeholders are divided, the integrity of the consultation process becomes particularly crucial in order to prevent violent competition over resources. However, Shell falls short on this crucial element of community relations by relying on the chief, who in this case does not represent the community at large, instead of going through the mechanisms and committees established in the GMOU. In addition, there is also evidence that Shell continues to provide community compensation funds independently of the GMOU according to the host community model, thereby undercutting a key tenet of its own approach and further exacerbating tensions in this divided community.

Finally, the sheer extent of activities listed in Table 3 above also shows how the community relies on Shell in a quasi-governmental capacity. This was further underlined by the fact that community leaders had prepared a letter to Shell, asking the company to organise and fund a Christmas party for the community, to which company representatives would also be invited (Interview 30).[27] It is a common observation that Shell is seen as government across its area of operation in the Niger Delta (Interviews 15, 16, 37). In three separate interviews, Shell community development staff stated that they seek to avoid a governmental role, which was for the Nigerian state. In reality, however, the local government appeared to play a negligible role in Obunagha community and no trace of any regulatory or service delivery function could be observed. The only formal presence of the state in this respect was in the form of NDDC infrastructure projects, which appeared to be poorly coordinated and implemented.

The pervasive service delivery role played by Shell in the communities is deeply problematic. As has been demonstrated throughout this case study, the company consistently puts the demands of its production process ahead of the needs of local people. In this vein, it exacerbates and exploits divisions within the local community. As is the case in Egi Clan, resources provided within the GMOU framework primarily represent elements of corporate co-optation and public relations strategies. They do not

[27] This letter was seen during the interview. The respondent jokingly clarified that there would be no “agitation” against Shell in case they refused to finance the Christmas party.

seem to reflect concern for local development on the part of Shell nor do they represent a genuinely new model for community relations. From a theoretical perspective, there is no evidence that the GMOU mechanisms established have fostered informal institutions that may reduce and mitigate violence to any meaningful extent.

Analysis: Why does Violence Persist?

Why did Total's Community Foundation and Shell's GMOU fail to make a positive contribution on violence mitigation and community development in either case? The discussion of Akassa in the third chapter has drawn out a number of key factors which can be used as a tool for structuring this discussion. The section will also make occasional reference to Chevron production communities about which some additional information is available.[28] The purpose of this is to illustrate the general validity of the argument made.

The first observation is that the oil company supporting the Akassa Foundation, Statoil of Norway, is unique in a number of important respects. It is considerably smaller then either Shell or Total. It does not act as onshore lead producer anywhere in the Niger Delta and its operational history in the area is shorter.. In both Egi and Gbarain, by contrast, specific disputes which arose on a regular basis where overshadowed by the long history of community interactions with the companies. They were likely to be interpreted as part of a local narrative of suppression and exploitation, rather than concrete problems to be dealt with in a technical manner. The community foundation approach, however, assumes implicitly that the different stakeholders are able to engage with each other on a constructive basis, focussing on specific issues rather than large, structural narratives. In addition, a long history of elite co-optation has put certain leaders into particularly privileged positions to capture the additional resources associated with community

[28] For practical and logistical reasons, no fieldwork was conducted in Chevron communities.

foundations. In Egi, it appears that local leaders have taken prominent functions inside the foundation while in Obunagha, local elites continue to exert influence over projects and job allocation. This subverts the participatory elements of the community foundation approach.

With respect to this observation, the two cases are broadly in line with observations in Chevron production areas. In December 2010, for example, the committee chairman of its Escravos GMOU refused to step down at the end of his term because his position had allowed him to benefit personally from contracts awarded under the GMOU. Instead, he requested to be named chairman for life. The result was a violent standoff in the community. As Shell in Obunagha, Chevron was reluctant to intervene in this issue, officially out of respect for domestic issues in the community. It is equally likely, however, that the chairman's privileged position was in the company's interest and part of its efforts to co-opt local elites. As such, the chairman had a long personal relationship with Chevron, having provided security for its facilities as youth leader in the late 1990s (Interview 24).

Second, the Akassa Development Foundation had a uniquely long gestation. Along with most community foundations in the Niger Delta, by contrast, both the Egi Community Foundation and the GMOU in Gbarain are significantly more recent creations. The shorter timeline, however, is unlikely to account for the inferior results in either case. For one, there was no sense during fieldwork that the foundations have effected significant changes in the community during the time did exist. In other words, no momentum was observed in what is still a relatively early stage. This early momentum, however, is crucial in determining outcomes down the line. In Akassa, the initial stages consisted of regular and reportedly intense consultations, which were not evidence in either Egi or Gbarain. More importantly, as will be seen below, there was also no sense that either local elites, oil companies or even the community foundation facilitators were committed to changing the relationship between local stakeholders in any profound way. Against this background, it is unlikely that time for additional observations in the absence of significant changes in other variables would change observed outcomes. This is an important insight because oil companies tend to excuse the obvious weaknesses in their community relations approaches, and the fact that their operations continue to exacerbate the suffering of local people, by pointing out that the GMOU is a recent innovation that needs additional time to bear fruit (Interview 16).

Third, Akassa benefitted from a well-established facilitator (Pro-Natura) which was perceived as genuinely neutral by all parties involved. Such neutrality is important if the community foundation is to develop into a platform through which local disputes can be addressed. Specifically, neutrality in this context means that the facilitator is independent from oil company interference, and that there is no conflict of interest between the role as facilitator and any other relationship that may exist between the facilitator and the stakeholder. In other words, oil companies cannot themselves establish and then facilitate a process in which they themselves are the most powerful stakeholder.

While the specifics are different, the facilitator does not appear to have played a neutral role in either Egi or Gbarain. In the case of Egi, questions were raised about potential conflicts of interests given the close ties between the facilitator and the company. In this connection, it should be noted that Pro-Natura had initially also supported the establishment of the Egi Community Foundation, along with a number of other community foundations. While other foundations, most notably one in Eastern

Obolo, Akwa Ibom State,[29] continue to be supported by Pro-Natura, the NGO no longer appears to play a role in Egi. In Obunagha, by contrast, it was not entirely clear to what extent an outside actor was involved in facilitating the GMOU at all. Shell typically uses specialised NGOs to facilitate its GMOUs. This in itself creates a potential conflict of interest since the livelihood of staff members of those NGOs essentially depend on the company's goodwill. This point is particularly pertinent given the extreme scarcity of formal employment in the Niger Delta. During fieldwork interview in Obunagha community, respondents did not make a single mention of a facilitator and instead consistently referred to "the company" when talking about the GMOU. For them, the GMOU appeared to represent an extension of Shell and not a new institutional arrangements suitable to mitigate conflict locally. Broadly speaking, the fact that local communities tend to see facilitating NGOs as merely an extension of the oil company is also a common occurrence in Chevron communities (Interview 24).

Fourth, in the case of Akassa, both local elites and oil companies are now generally committed to respecting the rules implied by the community foundation approach. This was not the case in either Egi or Gbarain. With respect to oil companies, Total and Shell actively undercut the logic of the community foundations approach by continuing to co-opt relevant members of the local population. By doing so they exacerbated existing local splits and further entrenched the fault lines along which local violence typically plays out. In Egi, it was clear that Total was privileging a set of members of the local leadership. In the words of one respondent, the company "does what is has to do" to ensure continued production (Interview 4). In addition, it was also clear

[29] Eastern Obolo had been intended as another case study for this dissertation. However, a spate of kidnappings on the road from Port Harcourt to Eastern Obolo made travelling there impossible.

that Total continued to rely on violence in repressing specific protests and threats. In Obunagha, Shell went along with the fact that the local chief was monopolising the allocation of jobs available and made little effort to consult on specific infrastructure construction projects. It also appeared to prioritise its own projects over those that benefit the community at large. In addition, Shell sought to insulate itself from local criticisms by blaming its subcontractors when projects were delayed or consultation was inadequate.

From an interview with a former Chevron employee, it was also clear that Chevron company also continued to employ both repression and co-optation in its GMOU clusters (Interview 24). Furthermore, a community relations officer employed by a large subcontracting firm confirmed that he places no emphasis on consultation in his interactions with local communities. Instead, he stated that he typically focused on "getting things done" through making pay-offs to local gatekeepers and made it clear that, in his assessment, this was common practice for subcontractors more generally (Interview 28).

The conduct of local elites in Egi and Gbarain often mirrored the conduct of the oil companies. While local elites in Akassa are relatively united, elites in Egi and Gbarain are deeply divided. As has been discussed above, many years of co-optation have created an environment in which local leaders often expect direct payments for oil production to continue without violence. This was clearly the case in Egi and Gbarain. In other words, oil company co-optation tactics rely on the willingness of sections of the local elite to engage in the practice and establish concomitant patronage networks. Elite competition over access to such patronage networks is a major source of violence, particularly in Obunagha but likely also in Egi.

Finally, the physical location of wells and the associated infrastructure matters.

Across the Niger Delta, many decades of community compensation payments under the host community approach appear to have created a set of expectations among common people that mirror the expectations for co-optation among local elites. The community foundation approach seeks to overcome the logic of host compensation and avoid conflicts over definitions of who qualifies for host status. Instead, payments are to be made on a broader area-basis in the hope of avoiding conflict. In the case of Akassa, this is considerably easier because production is off-shore. While local communities have also been exposed to various host arrangements, the scale of compensation for coastal and transit communities is considerably lower than for production communities.

Both Egi and Obunagha, by contrast, are production communities with a long history of host compensation. While this has created dynamics of path dependence, as explained above, it also has implications on local perceptions of justice. Specifically, in both Egi and Obunagha, respondents suggested that area development approaches were fundamentally unfair because host communities are morally entitled to receive preferential benefits from oil production. In essence, this extends the logic of "just federalism", whereby oil producing regions are to benefit from oil revenues within the context of federalism (as discussed in the second chapter), to the community level and even household level. In other words, the shift toward a community foundation approach may also be deeply controversial among local people themselves, for both moral and instrumental reasons.

In the case of Chevron, respondents to a recent GMOU evaluation felt strongly that curbing host compensation in favour of a GMOU arrangement was a sign of disrespect on behalf of the company and a change for the worse. They felt that GMOU-based projects would be a welcome addition to their communities but appeared to show little interest in the participatory mechanisms inherent in the GMOU. Some respondents even threatened to boycott the GMOU altogether if it replaced host compensation arrangements with the community foundation approach (Search for Common Ground, Consensus Building Institute, and RTI International 2008).

Conclusion

The two constants in this chapter were the determination of oil companies to ensure production and the divisions among local elites. A combination of the two accounts for local violence in both cases. As companies rely on repression and co-optation to protect production, they exploit and exacerbate divisions within the communities. Analytically, the exact nature of local divisions is thereby less important than the way in which companies use them to their advantage. While the exact choice of local allies is a short term, tactical consideration and indeed often changes over time, protecting production by forging such alliances represents the companies' long-term strategy. In this context, the community foundation approach was marginal to local communities and had negligible impact on violence. In essence, it was not implemented in good faith and merely served as additional tool for co-optation and public relations. The following chapter will further substantiate this analysis with insights from cases where levels of violence vary dramatically. This will shed additional light on the sources of variations in violence.

Chapter 5: Other Types of Responses to Violence

This chapter compares two cases where levels of local violence differ significantly. While there is currently relatively little violence on Bonny Island, despite significant conflict, oil production is impossible in Ogoniland because of persistent rebellion. Building on the cases in the previous chapter, where violence was high but oil production continued, these differences make Bonny and Ogoniland insightful cases to consider. The main difference between both cases is the relationship between local elites and oil companies. In Bonny, oil companies have been adept at co-opting local elites and have used coercion effectively to protect this arrangement against potential challenges. In Ogoniland, by contrast, the relationship between Shell and local elites has long been confrontational. As elites have chosen to resist, supported by international advocacy networks, the result has been that oil production had to be suspended altogether.[30]

The chapter follows the same basic structure as the previous one. The first two section are case studies of Bonny and Ogoniland respectively. The third section systematically compares both cases to account for the divergent outcomes in terms of violence.

Case Study 3: Bonny Clan

Bonny Clan is located on Bonny Island in Rivers State, approximately 50km south of Port Harcourt. It has a population of approximately 210,000, most of whom are members of the Ijaw ethnic group. The island is centered on Bonny Town, and contains a number of additional communities. The main traditional leaders are the king, the chiefs of the various communities, and the leaders of the youth federation. As in other places in the

[30] This is not to say that Ogoni resistance is the primary cause of violence in the area. Oil production in Ogoniland has always been accompanied by violence on the part of state agencies and oil companies.

Niger Delta, the community is organised in a number of committees and groupings, of which the most important ones are the Bonny Kingdom Development Committee, the Environment Committee, as well as the Bonny Federation of Youth. These structures play the central role in managing or overseeing community interactions with the oil companies. They also control the committees established to deal with specific issues, as discussed below (Interview 6). During fieldwork, by contrast, the local government appeared to play a relatively minor role on the island.

Bonny's economy has historically been based on fishing and trading. In the past, the island exchanged a large surplus of fish for agricultural products from other regions of the Niger Delta. In the present day, however, the pollution caused by oil spills and the dumping of waste products associated with oil production into the seas surrounding the island has severely depleted fishing stocks. This deprives fishermen of their livelihoods and extends dependence on jobs and handouts from the oil industry. Furthermore, soil quality on Bonny is relatively poor, which severely restricts agricultural activity and precludes shifting from fishery to agricultural activity (Fentiman 1996).

The island's economy has also been shaped by its peculiar geographic location on the mouth of the Bight of Bonny, downstream from Port Harcourt where the Niger Delta wetlands meet the Atlantic Ocean. While the island's northern coast forms part of the riverine environment of the Niger Delta, and most fishing took place there, its southern coast faces the ocean. Historically, this has made it a natural point of exchange between foreign traders arriving by ship and the inhabitants of the Niger Delta. The kingdom has thus played a central role in the economic history of Nigeria, both in the pre-colonial period and under British rule. In its first interactions with foreign powers in the 15th century, the kingdom gained considerable riches through the slave trade, chiefly by facilitating the transfer of slaves captured in the hinterlands onto foreign ships. Over time, the kingdom also gained a prominent position in the rapidly growing palm oil trade. It could be argued, therefore, that local structures have long been geared toward the generation and protection of rents, in addition to productive fishing activities. In this content, local elites have displayed particular skill in leveraging the island's position in their interactions with foreign interests (Nwokeji 2008).

In the present day, Bonny continues to play a central role in the Nigerian oil economy for two reasons. First, the island houses Nigeria's largest oil and largest gas shipping terminals. Most of the oil and gas produced on- and offshore across Rivers state is transported to Bonny by pipeline, and then pumped into foreign tankers for export. In addition to these terminals, Bonny harbours the largest Liquefied Natural Gas plant in West Africa, operated by Nigeria Liquefied Natural Gas (NLNG). The company is a joint venture of the Nigerian National Petroleum Corporation (49%), Shell (25.6%), Total (15%) and Eni (10.4%). It turns natural gas into a liquefied state, amenable for export by tanker. Liquefied gas is sought after on the global markets because it produces fewer emissions that petroleum. At present, NLNG alone satisfies roughly 10% of the world's rapidly increasing liquefied gas consumption (Shell 2011a). Constructing the NLNG plant required the relocation of Finima community, which was forcibly moved across a small creek to where it is located today (referred to as "New Finima"). Second, Bonny is a significant oil producing area, housing operations of most major oil companies. Bonny is also one of the oldest production areas with long standing relations between companies and local communities.

Main Issues of Conflict and Contention

There are three central issues of conflict in Bonny. The first is the widespread poverty created by unemployment and the allocation of existing job opportunities. As environmental pollution has severely restricted traditional livelihood generation, people have become particularly reliant on jobs generated by the oil sector. No official, reliable figures exist, but local estimates are that approximately 60% of the local population across the island is unemployed (Interview 17). For example, while the large NLNG facility in particular offers a great number of well paid and secure jobs, nobody from Bonny is employed there on a permanent basis. To some degree, this is due to the fact that work at the natural gas terminal requires high skilled labour of the kind not readily available in Bonny. The only jobs ever available to local residents are jobs with subcontractors to NLNG, mostly related to maintenance, construction work or menial services.

At the time of fieldwork in late 2010, there was no construction activity at the site and work opportunities were restricted to services and occasional maintenance work. The positions which are available in this context were all short term and precarious, with little job security or job-related benefits. In addition, more than 60% of the workforce employed at that specific point in time were working for one single contractor, further increasing that employer's bargaining power vis-à-vis his employees (Interviews 17, 18). Such issues of access to employment opportunities at NLNG have a long history and date back to the construction of the facility in the late 1990s. At the time, local people complained that most of the construction work was assigned to contractors from outside the island and to a large number of migrant workers from other parts of the country (Wittenberg 2004).

The second central issue on Bonny is the environmental destruction caused by oil spills and gas flaring. Oil spills have a long history in Bonny and have essentially destroyed fishing grounds in many communities. There are approximately 50 oil wells on Bonny, along with a network of pipelines to the oil terminal. In addition, there are larger pipelines connection onshore production facilities across Nigeria with Bonny terminal. According to local leaders, as well as the few secondary sources that are available, oil spills in Bonny are generally the result of poor maintenance and ageing oil production infrastructure, rather than vandalism by local communities (Fentiman 1996, Interview 21). In this vein, one local government member mentioned a Shell pipeline which transverses his home community on Bonny Island. The pipeline was built in 1974 with an expected lifespan of 20 years but was still in service in mid November 2010. According to him, since 2006, there have been about 15 oil spills on that pipeline alone as well as over 30 spills on the island in total. Residents often reports insufficient or slow environmental remedy on the part of oil companies (Interview 21).

The impact of oil flaring is similar to the impact of oil spills. In Oloma community, for example, Shell has flared continuously for over 50 years, despite a pledge to end the practice by 2008 (Vanguard 2000). However, the federal government has its approach to gas flaring, disempowering local governments in their interactions with local representatives of oil companies. Because of this, "discussing gas flaring locally is now meaningless" (Interview 21). This has two detrimental effects for the community. First, the federal government has made very little progress in creating and enforcing regulation in this area. As is well known (and has been discussed in the second chapter), the federal government has repeatedly postponed a binding deadline for oil companies to cease gas flaring altogether. This has left the environmental conduct of oil companies effectively unregulated and has resulted in ongoing pollution. Second, companies pay compensation for gas flares directly to the federal government. Only very little of those compensation payments reach local communities because of pervasive corruption in the bureaucracy (Interview 21).

A third conflict issue on Bonny is the land on which major oil and gas facilities are located. First and foremost, the entire Finima community was forcibly displaced in 1996 to make room for the construction of NLNG. It is now housed in a set of concrete houses just across a small creek from the facility. Poverty rates are high and unemployment is particularly rampant, as high as 80% according to one local leader. Furthermore, the quality of New Finima's building stock is low. Some buildings have collapsed, including a community meeting hall in the centre of the community, the ruins of which were visited during fieldwork. At present, there appears to be little violent agitation from within Finima against the status quo. However, according to a local leaders in Finima, anger is widespread and felt very strongly. People feel abandoned by NLNG and the lack of jobs is compounded by a sense of injustice due to the community's relatively recent forced displacement (Interview 22).

Furthermore, the ownership of the land on which Shell's oil export is located is also in dispute. While Shell claims to own the land outright, the community claims that it is merely a tenant, based on a 1958 agreement between the local community and the company. In early 2010, the Rivers State High Court declared that Shell's claim to ownership was invalid and ordered the company to return it to the community. Shell announced it would appeal this decision, which means that no final settlement has been reached (Anaba 2010). What is important, however, is that the deep sense of injustice on the part of local people that flows from both the Finima and the Bonny Terminal dispute.

The three issues outlined here have created significant tensions over the years. For example, the opening ceremony for the NLNG facility was overshadowed by a threat of disruption by the Finima Youth Congress who sought to protest inadequate provision of local infrastructure under the MOU between the company and the community (Owuamanam 2000). In mid 2005, Finima residents blockaded roads and staged protests against inadequate employment opportunities for them at NLNG (Bassey 2005; Ighodaro 2005). Similar complaints, along with threats of violence, were made in 2006 by Finima youths who also complained that Bonny's traditional leaders where indifferent to the socio-economic conditions of common people and, more specifically, the people of Finima (Onwuka and Wosu 2006). As is clear from the examples provided here, this conflict has often been articulated in generational terms, whereby youth leaders have challenged the arrangements struck between traditional community leaders and the oil companies (Interview 9).

More recently, however, this fault line does not appear to have caused further local violence, including within the community or attacks on oil facilities (Interview 21). At present, local violence in Bonny is low. This is a marked contrast with most other locations in the Niger Delta, including those discussed in the fourth chapter. The following section will analyse the reasons for this difference.[31]

Responses to Violence

The third chapter has argued that the standard response by oil companies to local violence is a mixture of co-optation and repression (Frynas 2001). In the case of Bonny, those approaches have been used to particularly great effect with the result that violence is low. This can be attributed to two factors. First, local elites on Bonny are relatively united and cohesive (except for the generational issue outlined above) and capable of acting as

[31] Focussing on variations in overt violence is a heuristic device intended to identify patterns in the relationship between local stakeholders. The people of Bonny also suffer from repression and the Niger Delta Crisis. While violence is generally not overt, it is structural and latent.

effective counterparts to oil companies. As will be seen below, they have chosen to cooperate. Second, conditions on Bonny are of crucial importance for the entire Nigerian rentier economy because of its status as export terminal. For this reason, oil companies are willing to dispense more resources on co-optation through community projects than in other areas of the Niger Delta. In addition, the security presence on the island is particularly intense. This not only ensures that dissent is repressed but also deters local elites from changing their approach of collaborating with the companies.

Bonny is widely perceived as a place where infrastructure provision and living standards are relatively good, compared to many other oil bearing communities across the Delta. This is mostly due to the provision of services by the companies for the local population. In a number of casual conversations during fieldwork, observers attributed this to a learning process on behalf of both the oil companies and local elites, spurned by the relative importance of Bonny for the oil industry and the fact that violence had become a serious threat to both production and established patronage networks. One Ogoni observer, for example, pointed out that Bonny was "reaping the rewards" from the Ogoni's ongoing struggle. Others felt that leaders in Bonny had been considerably more adept in negotiating with oil companies for the benefit of their communities than those in Ogoniland. Another person observed that "while Ogoni struggles, Bonny has light [local slang for electricity]". Given that those observers were based outside Bonny, such comments do not necessarily say much about the actual conditions on Bonny itself, but they do suggest that the companies are at least somewhat successful in creating positive publicity, even among their otherwise fiercest critics. This perception is also perpetuated in some media reports of NLNG's "cordial relationship" with local communities (Iriekpen 2004). As such, a central objective of the oil company's community relations work is to cast their operations in Bonny as a mutually beneficial endeavour between two equally important partners. NLNG in particular places a special emphasis community outreach (Jamieson 2004).

However, local communities are less likely to be swayed by such public relations exercises than by the provision of goods and services. For this reason, companies seek to co-opt local communities by providing an array of local projects. NLNG, for example, claims to have spent US$11 million on community projects by mid-2004 under its "community first" strategy. This reportedly included 1,000 tertiary scholarships, over 10km of local roads, and the purchase of four mid-size passenger boats. In addition, activities included water borehole drilling, the renovation of schools, hospitals community town halls and markets, "a cold store and shopping mall for Bonny women" as well as a sizable micro-credit scheme (Iriekpen 2004).

The most well known project in Bonny by far is electricity provision. Given that electricity supply is notoriously unreliable in Nigeria, providing reliable power carries considerable emotive appeal. Specifically, Bonny is well known for NLNG's Bonny Utility Company. Similarly, Shell has run a pilot project in which surrounding villages are connected to the power supply of Shell installations. The project has been considered a success for the company and will be replicated in additional communities elsewhere in the Niger Delta (Interview 16). What is particularly noteworthy about this project is its "co-dependence" approach, whereby communities depend on ongoing Shell operations for their electricity supply. This also means that if those installations were to be shut down because of an attack, local communities would lose electricity. This clearly illustrates the fact that the company's key objective is to ensure the continuity of its operations, and not to create sustainable structures for local development.

This focus on co-optation has a long history on Bonny. The first MOU between local communities and a multinational oil company in Nigeria was signed between Bonny Kingdom and Shell in 1998. It envisaged a comprehensive area development approach, ostensibly designed to reduce the tension which often arise from differential access to services within single communities. In reality, however, project activities implemented within the MOU framework were insignificant compared to Shell's other ad-hoc activities intended to appease the local community and co-opt local leaders (Frynas 2000b, 52). In other words, Shell provided compensation and services on a differential basis, for reasons of local expediency and in order to pay-off those sections of the local population whose cooperation was needed to keep the peace and protect oil production and exports. A similar pattern emerged during consultations on oil company policies regarding local security. Residents of Finima voiced their frustration that companies had shown very little interested in genuine consultations with local people and frequently did not adhere to their MOU commitments. No respondent felt that the companies had sought to create trust though their interactions with communities (Stakeholder Democracy Network, IKV Pax Christi, and Centre for Social and Corporate Responsibility/African Centre for Corporate Responsibility 2008, 7–9). Based on the evidence collected during fieldwork, there is no reason to believe that this emphasis has been altered more recently.

In a similar vein, it is noteworthy that companies appear to have made particular strides to ensure that their projects are implemented successfully. The implementation of local projects is managed by the Joint Industry Committee, established by an MOU between NLNG, Shell, Mobile, and Bonny Kingdom. This relatively large number of actors appears not to be a hindrance in project implementation and execution on Bonny. In both previous cases (in the fourth chapter), by contrast, the implementation of similar projects was slow, despite the fact that there is only one oil producer in each area. This suggests that Shell (Total is not part of the Joint Industry Committee) prioritises project implementation on Bonny in order to ensure effective co-optation and pays relatively less attention to community projects elsewhere.

While infrastructure is important, the most contentious issue in Bonny remains the availability and distribution of employment opportunities. The allocation of available jobs at NLNG is governed by a quota system established as part of the MOU between the company and the Kingdom. It is overseen by a dedicated Employment Committee. The quota allocates employment opportunities to clearly defined groups in terms of aggregate numbers. It reserves 60% of all available jobs for “indigenous” residents of Bonny, who can trace their family and ethnic roots to the island. Within this category, 40% are reserved for residents of Finima, on account of the community’s displacement for the construction of the NLNG facility (Interviews 17, 18). Drawing distinctions between indigenous and non-indigenous residents is common in Nigeria and has led to a great deal of discrimination against non-indigenous residents, who often face discrimination in access to services, education and employment (Human Rights Watch 2006). In the case of NLNG, the intention is to ensure that the company does not allocate jobs to external applicants from outside their community, based on the regional affiliations or patronage networks of its senior employees or contractors (Interview 6).[32]

In principle, all employment associated with the NLNG plant must adhere to this quota, including associated subcontractors who have been engaged to carry out specific tasks. However, the quota system makes no distinction between different types of jobs. As has been alluded to above, while there are no available quantitative breakdowns of job

[32] This is a common complaint in the Niger Delta and was voiced by respondents in Egi and Gbarain.

allocations, locals are allocated low-paying, precarious positions. This is a central contentious issue which generates a significant amount of anger (Interviews 17, 18). Oversight is a similarly contentious issue. The job quota system is overseen by a dedicated committee, with representatives from local government and various sections of Bonny society. It includes a representative for women as well as for non-Bonny residents. In interviews with multiple members of this committee, respondents felt that adherence to the agreements on the part of the companies, NLNG itself as well as contractors, was generally acceptable but differed between contractors. However, members of the committee also felt they were facing two challenges in particular: First, obtaining sufficient access to corporate operations and the NLNG facilities to provide effective oversight and two, deciding how to allocate redundancies when they arise.

Respondents emphasised that the rigid quota system and the committee structure were based on monitoring of company operations, and not on establishing trust between different actors (Interview 6, 17, 18). While committee structures may, on occasion, be used to discuss issues not directly related to job allocation, this does not mean that a level of understanding has been established that could be used to diffuse conflicts or contentious issues in other areas. All respondents were clear and explicit on this point. Indeed, allegations that companies are not adhering to employment quotas have been a frequent cause of frictions in the past (Onwuka and Wosu 2006). The fact that the companies and their contractors are not committed to complete transparency on hiring quotas casts doubt on their commitment to providing adequate employment opportunities for local people.

With respect to dispute resolution, one distinguishing feature of local governance in Bonny is the relative cohesion of local elites. According to respondents, the king himself has the final say in disputes between the committee, employment seekers and the companies. In addition, he also determines the tenure of committee members. He acts as the central element in the committee system. Members of the Employment Committee, as well as other local leaders interviewed, are unequivocal that the committee structure, as well as similar committees and hierarchies set up to deal with other issues, were instrumental in containing violence and conflicts on Bonny. In this vein, they drew attention to the relative cohesiveness of local politics in Bonny. According to this account, the king and his community leaders have been effective in leading the community into constructive relations with the companies. In addition, the unified structure of local politics also allowed the king to leverage the importance of Bonny as an oil production and transport location in his dealings with the companies, thereby securing benefits for the community (Interviews 6, 17, 18, 21).

However, this account is not universally shared. While it is a particular challenge to access critical voices during fieldwork, some indications were instructive. The first is an encounter during fieldwork in Bonny Township, where a young man offered his opinions on the Employment Committee. According to his account, he had been unemployed for a long time, along with a large number of his peers. In his personal experience, which he emphasised very strongly, available jobs are allocated on the basis of pre-existing patronage networks, since "the Employment Committee is in the pockets of the oil companies" (Interview 20). His point about the preferential allocation of opportunities supported a previous interview with a community leader who felt that youth were not provided adequate access to employment networks, and that local elites where in alliance with the oil companies (Interview 19).

As has been seen in the previous chapter, conflicts between traditional rulers and local youth are common across the Niger Delta. On Bonny, it appeared as though local elites have been successful in maintaining a system were violence is avoided and their specific interests are protected, even if the wider community only benefits from this system to a very limited extent. As has been discussed above, however, generational conflict has long been a part of this system whereby youth leaders represent voices critical of the status quo, as is common elsewhere in the Niger Delta.

Against this background, the cooperative arrangement between local elites and the oil companies is underpinned by significant repression. This point was made bluntly by a prominent local leader in Finima who attributed the relative lack of violence on Bonny to the fact that his community was "living in a graveyard's peace" (Interview 22). As such, he pointed to the significant security presence of police and army personnel on Bonny and stated explicitly that even if the community decided to enter into violent resistance, this would unlikely to be successful. This account was supported by impressions from fieldwork on Bonny island. Across the island itself and on the waters surrounding it, there were large numbers of army personnel seemingly posted at strategic locations, particularly around Bonny Terminal and the NLNG facility, which is adjacent to Finima. While armed roadblocks are common in the Niger Delta, similar concentrations of security forces were not evident elsewhere. Visiting journalists have made similar observations, reporting that the number of security personnel increased significantly with the completion of the NLNG facility and that mobile police units are locally referred to as "kill-and-go" (Wittenberg 2004). Most likely, this reflects the crucial importance of Bonny for the entire Nigerian oil economy. For this reason, the state prioritises providing security on Bonny and commits its existing capacity there. In a sense, attacks on facilities on Bonny strike at the heart of the rentier state and are therefore met with particularly significant force. Finally, given that Bonny is located on an island, it may simply be more effective to exert repression compared to other onshore locations, where the Niger Delta creeks are notoriously difficult to police.

While the collaboration of oil companies and the state on Bonny represents a nimble tactical response to challenges to oil production, this does not necessarily represent a sustainable solution. With respect to the theoretical framework developed in the first chapter, there is nothing in the analysis that would suggest that low violence is the result of informal institutions established by the interaction between local communities and the companies, which may reduce violence. According to a local government official, frustration about the status quo among local people has reached a critical level and "a small dispute with Shell could trigger very significant violence". Crucially, people are lacking the institutional avenues to address their grievances in the system. Courts are dysfunctional and there is thus no legal recourse or effective dispute resolution system to head off this anger. In addition, the communities are lacking funds to collect the scientific evidence that would be necessary to mount effective court challenges against pollution. Finally, he felt that politics in general and the decision making process for the proposed new Petroleum Industry Bill are too top-down to elicit genuine popular participation that may be able to head-off anger and address some of the underlying grievances. As such, the Member of Parliament of Bonny had not been there to meet with his constituents for over two years. This has left local concerns inadequately represented nationally and local people feeling that the political system does not address their concerns (Interview 21). In this vein, the media has also reported increasing belligerence towards oil companies by Finima youth in 2011 (Esebonu 2011; Naku 2011). Ultimately, this indicates that while the company and state response to violence in Bonny has indeed been nimble and effective, resulting in low violence observed at present, it has done little to address the underlying structures of discontent and conflict in the community.

Case Study 4: Ogoniland

In terms of local violence, Ogoniland can be seen as the antithesis of Bonny Island. Like Bonny, its own history is deeply intertwined with the development of the Nigerian rentier state. Despite being the oldest and potentially most important production area for Shell in Nigeria, however, no oil production has been possible here since 1993 when the company ceased operations in Ogoniland. This is primarily due to the local violence against Shell which accompanied a well-organised resistance movement centered on the Movement for the Survival of the Ogoni People (MOSOP). The fact that no oil production is possible in Ogoniland make it a potentially insightful case study since one of the main features of the rentier state is that it can ensure continued oil production even in the face of weak institutions and pervasive violence.

MOSOP is a well-known actor in the global "ethnodevelopment" movement, which calls for improving the rights of local people over natural resources and the direction of other development-related processes (see third chapter). As such, MOSOP has been widely studied in terms of its participation in global advocacy networks (Bob 2005, chap. 3), in terms of the role of its charismatic leader Ken-Saro-Wiwa, who was executed by the Nigerian government under the military dictatorship of Sani Abacha in 1995 (Pegg 2000), and in terms of the significance of the Ogoni "struggle" for North-South economic relations in general (Osha 2006). By contrast, the following discussion focuses on how the patterns established during the Ogoni struggle in recent decades affect current levels of violence in Ogoni communities.

Ogoniland is a colloquial term that refers to three LGAs in south-eastern Rivers State inhabited by approximately 500,000 members of the Ogoni ethnic group. Roughly speaking, this group is divided into six clans who are in turn spread over approximately 111 villages (Osaghae 1995, 326). As in most areas of the Niger Delta, economic activity was historically based on agriculture and fishing. In terms of oil production, Ogoniland is the second oldest oil production area in Nigeria. Following the initial discovery of oil at Oloibiri in present-day Bayelsa State in 1956, Shell began oil production in Ogoniand in 1958. The region then quickly became one of the key production sites for the company and among the most productive in all of Nigeria. By 1993, Shell operated more than 100 wells in the area (International Crisis Group 2008, 1–4).

Main Issues of Conflict and Contention

The central issues at the heart of local violence in Ogoni are the economic deprivation and environmental destruction in the face of large-scale corporate and state profits derived from oil. With respect to deprivation, Ogoniland saw very little socio-economic dividend from the oil revenues which flowed from its soil. Under the different fiscal derivation formulas of the 1958-1993 period, oil funds were appropriated at the corporate and national levels, with only small allocations made to the state level. Hardly anything reached local communities. Since the Ogoni did not form their own state within the federation, there was no formal institutional mechanisms to allocate funds to them. Exact figures in terms of production and revenue, however, are disputed. According to Shell itself, Shell produced 634 million barrels of oil worth US$ 5.2 billion, while Ogoni activists claim this figure to be closer to US$30 billion. It should be noted that the US$ figures are not in present day values, so cannot be directly compared. However, the order of magnitude is sufficient to illustrate the depth of the disagreement between Shell and its critics about the company's record in Ogoniland (Detheridge and Pepple (Shell) 1998; Frynas 1998, 2000a).

With respect to environmental destruction, a recent UNEP report concluded that oil pollution has nearly destroyed local farming and contaminated drinking water poses an immediate and grave risk to public health in many communities. In Nisisioken Ogale community, for example, UNEP scientists found that the groundwater which people used for drinking was contaminated by a thick layer of refined oil floating on it. Local people were found to be drinking water poisoned with carcinogenic benzene at over 900 times the maximum concentration recommended by the WHO. UNEP estimates that an earnest clean-up operation would take 25-30 year to reverse these damages (UNEP 2011, 9–12).

The main source of pollution are oil spills. There were reported to have been nearly 3,000 oil spills in Ogoniland between 1976 and 1991 alone, averaging more than 600 barrels each (Edoigiawerie and Spicket 1995, 269–276). In most cases, the clean-ups were inadequate or did not take place at all, polluting water and soil and severely damaging agricultural and aqua-cultural resources. In one often-cited example from 1970, for example, an major oil spill at Ebubu was simply set alight. While Shell subsequently claimed that this constituted a clean-up, locals reported poisoning of the ground and water, as well as continued leakage of oil on the site, as late as 2006 (International Crisis Group 2008, 2). In a confidential interview in Lagos, one senior Shell manager referred to this particular spill and the subsequent Ogoni struggle as "the big one [...] that started everything" (Interview 37). The key issue of contention is who bears responsibility for the extent of this environmental crisis. While Shell had initially claimed that most oil spills were the result of attacks by local communities, UNEP places the blame largely on inadequate maintenance of infrastructure by Shell (UNEP 2011, 12). This remains an important issue despite the end of production because oil pipelines continue to traverse Ogoniland. Inactive oil wells continue to leak and there are still regular spills from pipelines (UNEP 2011, 9).

The environmental devastation and lack of socio-economic development in Ogoniland has triggered significant resentment and resistance among Ogoni elites. This resistance eventually led to the formation of the Movement for the Survival of the Ogoni People (MOSOP) in 1992. One central driver for the formation of MOSOP was the fact that both the Nigerian government and Shell had been unwilling to consider Ogoni complaints. For example, in 1970, a number of Ogoni chiefs first wrote to Shell and the military governor of Rivers State to draw attention to the issues outlined above. Their concerns were dismissed outright and Shell, for its part, took the position that any issue of socio-economic or environmental grievance should be taken up with the government and not with a private sector company. In this, the company portrayed itself as merely a tax paying participant in the Nigerian economy, looking to the Nigerian state for regulation and the provision of public goods. Given the weakness of the Nigerian state, this was primarily a way to shift blame to a different actor and thereby avoid responsibility for the fall-out from the company's production activity. In the past, the company had even flatly denied that there was any environmental deprivation at all. In 1995, at the height of the Ogoni crisis, the company still claimed that "[a]llegations of environmental devastation in Ogoni, and elsewhere in our operating area, are simply not true. We do have environmental problems, but these do not add up to anything like devastation" (International Crisis Group 2008, 3).

Despite the fact that MOSOP has always adopted a clear policy of non-violence, the conflict in Ogoniland came to be couched in considerable violence. This is linked primarily to state-sponsored repression, much of it supported by Shell. In January 1993, approximately 300,000 Ogoni people (of a total population of 500,000) demonstrated against the destruction of their livelihoods by oil pollution and the lack of compensation received from Shell. Since the protest coincided with the UN International Year of Indigenous People, this large protest gained considerable international attention. In subsequent months, the state responded with increasing veracity against Ogoni protestors. In April 1993, ten protestors were wounded when soldiers opened fire at another large scale demonstration against one of Shell's US contracting companies. As events continued to intensify, Rivers State police memos were leaked that requested military action against protestors and the military continued to play an increasingly repressive role. Eventually, events culminated in the execution of Ken Saro-Wiwa and a number of other senior Ogoni leaders in 1995. This execution set the context for the relationship between MOSOP and Shell, and by extension, the levels of violence seen in Ogoniland today (Human Rights Watch 1999; International Crisis Group 2008, 2–4).

Subsequent attempts at Shell-Ogoni reconciliation were unable to overcome the deep divisions between Ogoni leaders on one side and Shell and the state on the other. The dynamics of these failures illustrate the roles of central actors in this conflict. The early attempts at mediation included efforts led by the Methodist Church in 1998 and those resulting from the broader federal government-sponsored Human Rights Violations Investigation Commission (the "Oputa Panel," headed by Supreme Court Justice Chukwudifu Oputa), which had been set up in the wake of transition to democracy in 1999. Both ultimately failed because of the inability of both parties to agree on the basic facts of their dispute and on an the issues to be addressed through mediation. With respect to the Oputa Panel, for example, Shell insisted that it had no reason to apologise for environmental damage in Ogoniland, a stance completely incompatible with MOSOP's platform. The federal government, for its part, refused to publish the approximately 8,000 individual petitions received in the course of the Oputa Panel's investigations. For MOSOP, this showed bad faith and severely diminished the Panel's potential to establish a transparent record of human rights violations and thereby contribute to reconciliation through "truth telling" (International Crisis Group 2008, 4–6).

Similar disagreements also eventually derailed the most comprehensive and promising attempt at reconciliation to date, which was initiated by President Obasanjo in 2005 and led by the respected clergyman Reverend Father Kukah, in 2005. Both Shell and MOSOP agreed to enter negotiations and were each supported by an international NGO specialising in international mediation processes. On this occasion, in additional to substantive fault lines, MOSOP demanded an inclusion of the state in the negotiations, which resulted in state and federal participation. Furthermore, disputes arose when Kukah broadened the scope of Ogoni representation beyond MOSOP. He did so in recognition of the fact that years of conflict had created a number of divisions within the Ogoni people. MOSOP, however, sought to protect its position as sole representation of the Ogoni people vis-à-vis Shell and the state, and accused Kukah of trying to weaken the Ogoni movement by dividing it (International Crisis Group 2008, 5–6; Onoyume 2007).

In 2008, recognising the failure of successive attempts at mitigation, President Yar'Adua decided to replace Shell as lead operator in Ogoniland. In making this announcement, he declared "[t]here is a total loss of confidence between Shell and the Ogoni people," and that a new operator "acceptable to the Ogoni people" should take over (Timothy 2008). This decision was taken on the basis of legal provisions which allow the Federal Government to remove the licence of any company that does not operate for more than 10 years. Since Shell ceased operations in Ogoniland in 1993, the Government could have made this decision anytime since 2003. After some initial confusion, and speculation that Addax of Canada might take over as lead operator, the Government eventually decided to award the lead operator position of Shell's 30 oil fields in Ogoniland to the Nigerian National Petroleum Corporation's operating arm, the Nigeria Petroleum Development Company. However, there are two crucial sticking points with this decision. First, in January 2011, MOSOP or other Ogoni organisations had yet to be consulted. Second, it appeared that Shell would remain a minority shareholder in the Ogoni operations. MOSOP immediate stated that this would be completely unacceptable (Amanze-Nwachuku 2011).

The failed reconciliation in particular illustrates the elite-driven nature of Ogoni resistance, given that MOSOP appeared unwilling to turn mediation in a broad-based process of reconciliation. The extent to which MOSOP leadership was seeking to pre-empt the rise of alternative leadership groups or was genuinely concerned about "divide and rule" tactics employed by Shell cannot be answered with certainty. Most likely, MOSOP leaders were concerned with both their own positions as well as the importance of presenting a united front against Shell. For present purposes, however, the central insight is that MOSOP elites seem to have managed to present a coherent Ogoni front in their dealings with Shell and the state, thereby preventing the company from applying divisive tactics to weaken opposition. This is despite the fact that, most probably, there is some degree of division among Ogoni elites and within the community as well.

At present, there is no oil production in Ogoniland. This is a precarious situation for both the state and Shell. Since an alternative operator has not yet commenced operations, the former is losing significant rents from oil production. Shell, meanwhile, remains locked out from one of the most productive oil regions in the Niger Delta. In the meantime, there has been little progress in improving the socio-economic indicators of the region. This has given rise to a perception of futility of the Ogoni struggle outside of Ogoniland, especially compared to the seemingly more pragmatic response on the part of local elites in other areas, including Bonny. For example, when President Yar'Adua announced that another operator would take over operations in Ogoniland, he expressed his expectation that the Ogoni would now "calm down" (International Crisis Group 2008, 1) Against this background, and the fact that the state and Shell appear to have been unable to achieve their primary objective, which is to ensure the continuation of production, the following section will analyse in more detail why this conflict remains so intractable. That will allow for comparison of this case with Bonny as well as the cases in the fourth chapter, where production continued despite ongoing violence.

Drivers of Violence

The structure of interaction between the state, local communities in Ogoniland (particularly local elites) and oil Shell which has developed over recent decades is continuing to shape events and affect violence in the present day. During interviews, both Shell staff (Interview 15) and Ogoni leaders (Interview 14) confirmed that it would be impossible for them to co-operate ever again and that Shell would never be able to recommence production in the region. With respect to Ogoni leaders, one discussion was particularly telling. When asked about the possibility of negotiating directly with Shell, one influential Ogoni activist referred to the killing of Ken Saro-Wiwa and stated that "[Shell] killed out father. It would be immoral for us to talk to them on his grave." When the discussion continued to the continued presence of Shell pipelines in Ogoniland, he stated that they had not been attacked because they are high-pressure pipelines. In case of a leak created by attack, the high pressure would lead to a large oil spill and widespread environmental destruction. It would be "environmental suicide." If that was not the case, however, he felt that the pipelines would have been attacked and destroyed a long time ago (Interview 14). These statements show the depth of resentment toward Shell.

In this connection, interviews also showed that Ogoni leaders generally make no distinction between the state and Shell. They appeared to treat the two as virtually synonymous entities, based on the key role played by Shell in the development of the post-colonial rentier state (Interview 14). Reportedly, this is also the case for the Ogoni population at large (International Crisis Group 2008, 2). This perception, in addition to ongoing conflicts over responsibilities for cleaning up oil pollution, explains why Ogoni leaders continue to focus their resistance on both the state and Shell, despite the fact that the latter has ceased operations in Ogoniland many years ago. Throughout fieldwork it was noticeable that a great effort was made among human rights advocates, including those outside of Ogoni, to associate themselves with the memory of Ken Saro-Wiwa. Moving forward, such commitments to the memory of a particular kind of "struggle" serve to narrow the options available in negotiating with Shell on any future settlement of outstanding issues.

For its part, Shell also recognises the lack of trust. In a confidential interview, a staff member working on relevant issues clearly stated that the company had paid insufficient attention to its relationship with the Ogoni over the decades and that a return to Ogoniland for production was completely impossible. This respondent also felt that Shell's attitude toward the Ogoni, and host communities in general, was guided by a "colonial mentality" and responding to the day-to-day concerns of assuring operations and pipeline functioning in Ogoniland (Interview 15). In an interview with a senior Shell manager in Lagos, similarly, the point was made that there is little that Shell could do for the Ogoni, other than support the clean-up of the environment. Any remaining issues are the responsibility of the government (Interview 37).

Against this background, there are today three central issues of conflict in Ogoniland. Their resolution is impeded by the lack of trust outlined above. The remainder of this section will address the issues in turn. The first issue is the remaining oil pollution in Ogoniland and the politics of clean-up. As has been outlined below, this has been among the most contentious issues in Shell-Ogoni relations and is likely to remain salient whether or not Shell is an operator in the region. The issue begins with disputes over the availability of reliable data. In 2006, UNEP was first asked by the Federal Government to conduct its environmental assessment Ogoniland and to recommend specific policy options. Given that Shell had been the lead operator in Ogoniland for many decades, this assessment came to be perceived as an assessment of the fall-out of Shell activities in Ogoniland. In this vein, the project acquired a political significance beyond a merely technocratic fact-finding mission. When UNEP presented its preliminary findings in 2010, it concluded that only 10% of all oil spills in Ogoniland were due to technical issue for which Shell had responsibility. The remaining spills were the result of sabotage and illegal oil theft carried out by local people in Ogoniland themselves (Vidal 2010b).

However, shortly after the announcements two facts related to this analysis emerged. First, the cost of the environmental assessment, approximately US$10 million, was borne entirely by Shell. While UNEP maintained that this did not impact the quality and impartiality of its investigation, Ogoni activists were quick to point out that they could not place any faith in an analysis they perceived as bought by Shell with funds generated in their own backyard. Second, it further emerged that due to security considerations, UNEP had relied almost exclusively on data provided by Shell itself, rather than conduct its own fact-finding work in Ogoniland. Here too, activists reasonably felt that they could not place any faith in an analysis relying on data they had disputed to begin with (Bassey 2010; Interview 3). UNEP delayed publication of the main report and conceded that it had relied overly on Shell data but attributed this reliance to expediency. Published in mid 2011, the final report then reversed its initial conclusions and put the blame for oil spills largely on Shell (UNEP 2011). For Ogoni elites, this episode showed that Shell continued to rely on manipulation and spin to deflect criticisms of its record in Nigeria. The company had already attempted to blame the Ogoni for oil pollution in the wake of Ken Saro-Wiws's execution in the mid-1990s (Frynas 2001, 47). It also strengthened their sense of betrayal by Shell and hardened their resolve to actively oppose the company and the Nigerian state associated with it.

In this context, pipeline maintenance and continuing oil spills remain contentious issues. Ogoni elites and, anecdotally, many local people place the blame on criminal gangs aligned with the insurgency and on corrupt local officials and Shell contractors. The latter are accused of instigating spills themselves, in order to then profit from contracts to deal with the subsequent pollution. This appears to be a widely held view among Ogoni elites (Interview 11). Shell management also acknowledged the existence of corrupt employees at the local level and the difficulties in dealing with this particular problem, despite their overall insistence that criminal enforcement, regulatory affairs and community development were state responsibilities that could not fall on corporate entities (Interview 16, 37). In this context, it should be noted that Shell maintained in written communication with the International Crisis Group that in the case of spills resulting from sabotage, it is not obliged to pay compensation under Nigerian law

(International Crisis Group 2008, note 74). Since the recent UNEP report has placed responsibility more clearly with Shell, it remains to be seen whether the company will continue to blame criminals and rogue employees, obscuring its own responsibility.

The second issue is the nature of Ogoni control over oil resources and the extent of self-determination in the future. While the years 2009 and 2010 had brought a significant reduction in violence across the Niger Delta due to the amnesty process, senior Ogoni leaders felt that this merely served to direct attention away from the fact that the major structural issues which led to the Niger Delta conflict remained unresolved. The crucial issue in this respect, from an Ogoni perspective, was the demand for self-determination (Interview 13, 14). Since the creation of additional federal states is a common occurrence in Nigerian rentier politics (see second chapter), the creation of an additional state for the Ogoni is possible, at least in theory. In this context, the relatively clear delineation of the Ogoni as a distinct ethnic group has given Ogoni leaders an advocacy tool for resource control that was more potent that the tool available in Bonny and the cases analysed in the fourth chapter.

The central observation with respect to the issues outlined here is both Shell and the government are perceived to act in bad faith. In this climate, Ogoni elites continue to be able to mobilise effectively against the status quo and violence remains widespread. This violence is either directly instigated by local elites or, more crucially, allowed to arise in a climate of distrust where there is no mechanisms for dispute resolution or addressing the locally-held grievances above. Such grievances also include the violence and attacks instigated by corrupt local officials who exploit this particular climate. In this vein, the continued violence also underscores the central importance of local elites in the Ogoniland case. Prima facie, there is no reason to think that Shell would not have succeeded with the divide and rule tactics it has employed elsewhere (see third chapter), had it not been for the well organised Ogoni elites that were able to tap into global networks or resistance and effectively mobilised the local population in its "struggle." From this perspective, Ogoniland also represents an interesting case of ethnic-based resistance in the Niger Delta. The genesis of Ogoni ethnic consciousness can to a large degree be traced to the notion of resistance against the historical alliance between the rentier state and Shell (Isumonah 2004). While such resistance has gone a long way towards drawing attention to, and to a much lesser degree addressing, the crisis in this particular part of the Niger Delta, it may also have determined the future of relations with the state and Shell. Since the serious violations of the past continue to loom large, it may be a particularly steep challenge to find pragmatic solutions to the issues of the present.

Third, and finally, it is unclear how oil production in Ogoniland may recommence at all. This question is related to who will be the lead operator and the equity partners in the joint-venture, and how local communities in Ogoniland will be able to implement the provisions on local participation in oil revenue management envisaged in the new Petroleum Industry Bill currently under discussion. With respect to the operator, as indicated above, Ogoni elites have little faith in the federal government's efforts to ensure that Shell will not be involved in production arrangements. According to a faction within MOSOP, the Government is seeking to return Shell to Ogoniland as "silent partner" and "through the back door and in a very bizarre manner." In a public meeting attended by over 70 Ogoni community leaders, Shell was declared "persona non grata" in Ogoniland (Social Action 2009c, 10). This illustrates that the conflicts outlined above, and the deep mistrust they have engendered, continue to place obstacles in the way of socio-economic development in Ogoniland.

Analysis: Why Do Levels of Violence Vary?

The differences between Bonny and Ogoniland are quite extraordinary. While both are major sites of oil production and transportation, levels of local violence differ significantly. In Bonny, violence is low and oil-related activities proceed unencumbered by local violence. In Ogoniland, by contrast, local violence and resistance has forced Shell to abandon the area altogether. What accounts for these different outcomes? The remainder of this section broadly follows the structure of comparison used in the fourth chapter and focuses on important differences between the two cases.

First, the discussion so far has suggested that there are important differences between oil companies. The fourth chapter argued that smaller, more recent actors like Statoil were more likely to be able to reduce violence than larger, more established actors like Shell and Total. Because of path dependence, the latter actors face more significant obstacles in changing the community relations approaches, both internally and from communities themselves. This is also an insightful conclusion for Bonny and Ogoniland, and points to an important difference between those cases. In Bonny, the largest actor is NLNG, which is a relatively new entity. While owned by established actors, it was able to commence operations with a coherent community relations policy, which the company refers to as “community first”. In essence, it represents a policy of both elite and mass co-optation that is more effective than similar policies employed in other locations. In Ogoniland, by contrast, the relationship between Shell and MOSOP is affected by a history which is as long as the history of Nigerian rentierism itself. Against this background, new approaches to community relations, particularly improved co-optation mechanisms, are unlikely to yield results. At the same time, MOSOP leaders can mobilize effectively against the company on the basis of past atrocities and the company’s ongoing negligence in dealing with the results of those atrocities. To some degree, they themselves also derive their position from the struggle against Shell and the state.

Second, the discussion in the third chapter suggested that the Akassa Foundation was distinctive due to its long gestation period. The fourth chapter, however, argued that timeline was not an important factor in explaining the failure of community foundations to reduce violence elsewhere. The present chapter also suggests that timelines are unlikely to explain differences in levels of violence. The relatively more recent entity, NLNG, was able to establish its operations and, in fact, is responsible for the displacement of an entire community. However, it was both able to co-opt local leaders and put in place effective repression mechanisms, which has helped prevent local violence. In other words, the choice of specific policies and commitment to their implementation appear to be more significant than the length of the implementation period. In the case of Ogoniland, Shell had many years to improve its community relations but has failed completely on this score. Dismissing the importance of long timelines is important because it deprives oil companies of one of their most effective excuses. As has been argued above, companies often use the difficult operating environment in the Niger Delta as excuse for lack of progress in terms of community relations and community development more broadly.

It is also unlikely that the differences between Ogoniland and Bonny can be explained by institutional learning on the part of oil companies, which have applied lessons learned in the former to preventing violence in the latter. If there was such a learning process, companies would be able to apply lessons elsewhere as well, thereby reducing violence across the Niger Delta region. Instead, the fourth chapter has shown that companies consistently prioritize production over trying to mitigate violence and support socio-economic development in the communities. From this perspective, it does not seem plausible that the role of oil companies in the Niger Delta crisis is due to .

Third, the discussion has drawn attention to the important role played by local elites which mediate the interaction between local communities, the state and oil companies. As such, local elites shape the structures through which conflictual issues are addressed. In the case of Bonny, those structures are characterised by cooperation between the companies and local elites. While both benefit from the arrangement, competing local interests are unable to mount violent resistance. This is due to the strength of clientelistic arrangements as well as the significant security presence on the island. Levels of violence are therefore low, despite the existence of severe and persistence grievances. In Ogoniland, by contrast, local elites have a long history of resistance and conflict with the state and oil companies. They are also relatively unified in their opposition to Shell. In this scenario, they have been able to mobilise significant sections of the population in the face of severe local grievances. The approach applied by oil companies in Bonny would likely not have worked because Ogoni elites largely chose not to cooperate with Shell.

While ethnicity was suggested as potential alternative explanation for local violence in the theoretical framework in the first, this was not supported by the evidence in this chapter or the previous one. In all cases, including Bonny and Akassa, local identity is constructed against two main “others”, the Yoruba business elites in Lagos and the Hausa military and state elites in Abuja. This forms parts of the broad narrative of subjugation and exploitation in the Niger Delta, and can therefore be held constant. Fieldwork has yielded no indications that ethnic fractionalisation or unity within specific communities may explain levels of violence. In other words, it is unlikely that Obunagha and Egi elites are less united than Bonny elites because of ethnic conflict within those groups. A partial explanation may be Ogoniland because, unlike the other communities, the Ogoni form a distinct ethnic group. Ethnic affiliation has significantly facilitated Ogoni mass mobilisation efforts vis-à-vis the Nigerian state and Shell.

The fourth factor identified in the previous chapter was the distinction between onshore and offshore installations.[33] The contention was that onshore production engenders a particularly strong sense of grievance on the part of local communities, and therefore increases the likelihood of violent resistance. This logic cannot be extended to explain different levels of violence in Bonny and Ogoniland, since both are affected by onshore production and large oil and gas facilities. While a sense of host community deprivation can explain the persistence of violence in Ogoniland, similar sentiments appear to be effectively pre-empted from fomenting violence in Bonny.

Finally, the comparison of Bonny and Ogoniland has drawn attention to repression. Given the central importance of protecting the flow of oil for the rentier state, violent repression has long been a feature of politics in the Niger Delta. This may also go some way toward explaining the differences between Bonny and Ogoniland. As important entrepôt for oil exports, Bonny is of higher strategic importance than Ogoniland. In fact, that the potential production values of Ogoniland may have been substituted for by ever-increasing offshore production. In other words, the relative importance of Ogoniland for the Nigerian state has declined in recent years. No similar substitution is possible for Bonny. Instead, the importance of Bonny has risen with the construction of NLNG facilities for gas exports, which is another rapidly growing source of rents. It follows that

[33] In the previous two chapters, issue four was the nature of facilitation. It is specific to community foundations and therefore not relevant here.

ensuring security is of particular importance for security forces. In addition, an island such as Bonny can be more easily secured than larger inland areas such as Ogoniland.

In this context, the position of Ogoni elites against Shell was further strengthened by global advocacy networks which have done much to neutralise Shell's efforts at subverting Ogoni resistance through public relations efforts. While local groups in other parts of Nigeria also benefit from such networks, their role in Ogoniland has been particularly significant. In cases where local elites are divided, global advocacy networks are less effective because companies can claim that they are not representative of the entire local population. This claim is considerably harder to make in the case of Ogoniland. Since elites are relatively united in their opposition to Shell, they were able to forge effective alliances with international actors. The involvement of international advocacy networks may also explain the fact oil production was suspended altogether since international attention made it increasingly difficult for Shell to repress local dissent effectively. It also increased the relative cost of continuing production for the company in terms of its image in global consumer markets.

Conclusion

This final chapter has drawn attention to the role of local elites and violent repression in the occurrence of local violence. In making this argument, it has also substantiated the assumption made in earlier chapters that the central objective of both the Nigerian state and oil companies is to ensure production. They have succeeded in this endeavour in Bonny because of an effective alliance with local elites, who are united, and significant repression. By contrast, there is no production in Ogoniland. Elites there are also united but have chosen to resist co-optation, supported by international advocacy networks.

Conclusion

This study has sought to explain variations in local violence within the Niger Delta. Its point of departure was that local violence is the result of a failure of formal state institutions, which provide neither sufficient order to suppress violence nor adequate channels for managing conflicts over oil revenue allocation. This insight is derived from the voluminous literature on the resource curse, which explains the institutional weaknesses of rentier states dependent on oil revenues, including Nigeria. That literature has a blind spot, however, which is that it does not adequately analyse subnational variations in violence and other social outcomes within rentier states. This is an important oversight because understanding such variations can help identify the causal factors which drive local violence in the context of the oil production process itself. Specifying those causes, however, is key to identifying solutions to violence and the Niger Delta crisis more broadly. In addition, the literature does not adequately incorporate the role of multinational companies in local governance, thereby excluding an important set of actors from the analysis altogether.

The dissertation sought to close these gaps by focusing directly on the community relations policies employed by oil companies. These approaches vary significantly between production locations. In recent years, oil companies have attempted to counter the threat of rising violence by expanding the scope of their community relations activities. As such, the latest policy innovation is the community foundation approach which companies use to channel resources to local communities in production areas though newly created local foundations. Those foundations are intended to ensure that funds are allocated to projects designed in a participatory manner. In addition, they are also intended to play a role in mediating the relationship between oil companies, local communities and the state in specific production locations by providing platforms for resolving disputes and addressing grievances.

The dissertation developed a theoretical framework to understand the potential impact of this community foundations approach on local violence. It did so by applying the insights derived from the literature on informal institutions in conflict-affected environments. Specifically, the central proposition was that community foundations could help mitigate violence by fostering the development of local-level informal institutions which could substitute for the weak local institutions of the state. This analysis implies that production locations in the Niger Delta where oil companies apply the community foundations approach would have less violence than those where companies applied different approaches.

The framework was tested in four qualitative case studies. Case study communities were selected by method of difference, according to their levels of local violence. This subnational comparative method has the advantage of controlling for a host of variables, primarily those related to national-level institutions, history and politics. It provides insights into causal dynamics within rentier states and thereby contributes to closing an important gap in the relevant literature.

Specific Findings

The main conclusion of this study is that informal institutions created or strengthened by oil company-sponsored community foundations alone cannot explain patterns of local violence in the Niger Delta. At the level of basic empirical observation, both cases where companies had implemented the community foundation approach (Egi and Gbarain) continued to be plagued by violence. There is no evidence that the institutions established have any bearings on the local dynamics of violence as the theoretical framework would have suggested. Against this background, the analysis presented suggests that this failure can be explained with reference to three sets of causal factors.

The first set of factors relates to oil company choices. The analysis suggests that the community foundations approach does not mark the significant departure from past approaches that oil companies represent it to be. Continuing a pattern of many decades in the Niger Delta, companies rely primarily on a mix of co-optation and repression in their relationship with local communities. In this context, the community foundations approach represents primarily a means of channeling additional resources to specific local constituencies in order to co-opt them. While fostering the development of informal institutions would require a long term commitment to respecting the rules and procedures implicit in the community foundations approach, companies make tactical operational decisions on a daily basis. The objective is to ensure smooth production, not community development or violence mitigation in any sustainable sense.

The second set of factors relates to the extent to which local elites are united and to the choices they make. The analysis suggests that divisions among local elites are likely to result in violence as different sections of local communities are mobilised against each other in the pursuit of oil related resources or opportunities to benefit from co-optation. In addition, divisions among local elites likely mean that production can continue despite violence. This is because oil companies are likely to find local partners to co-opt, who in turn ensure that violence does not reach a level where production would no longer be possible. When local elites are united, by contrast, they can either cooperate with companies and the state, or oppose them. Where cooperation is chosen, the result is likely to be low violence because the resulting elite-company alliance will exert effective control over the community. Such cooperation could be a result of particularly sustained oil company efforts at cooptation or individual linkages between oil company staff and members of the local elites. Where elites choose resistance, the result is likely to be high violence as there are no frameworks to mediate disputes with the companies. The reasons for choosing resistance can including a history of conflictual interactions in the past or links with international advocacy networks which can support local resistance. In this context, it should also be noted that oil companies have often stoked divisions among local communities in the past in order to prevent the emergence of unified opposition.

The third factor is the nature of repression. The analysis illustrates how violent repression is never far away anywhere in the Niger Delta. While the state generally fails to provide order in a consistent and accountable manner, it is highly capable of meeting security threats in contexts where its critical interests are at stake. This means that security assets are allocated to locations of particular importance for the rentier state and often succeed in lowering violence in those specific locations. In communities that are relatively less important, local violence related to oil production will be tolerated.

The factors outlined here explain the differences in violence observed in the case studies. In the cases of Egi and Gbarain, there is persistent violence but it is not enough to represent a sustained disturbance to oil production. Community foundation structures, however, appear to represent primarily additional tools for companies to channel co-optation to specific constituencies. Other than bringing resources for this purpose, they have no effect on local level violence mitigation. Co-optation is relatively easy because local elites are divided, with specific sections ready to cooperate with the companies. This system is backed up with considerable repression, which ensures that local opposition and violence arising from oil-related conflicts do not affect production directly.

In the case of Bonny, where violence is relatively low despite significant local conflict, it appears that two factors combine to explain outcomes. First, the island is not only a site of production but also of oil and gas export facilities. Because of its crucial importance for the entire rentier economy, the state has concentrated its security capacity there, resulting in effective repression. The significance of Bonny also prompted companies to pay particular attention to co-optation by sponsoring a variety of local projects. In other words, both companies and the state employ classic responses to violence in Bonny but increase the efforts made at ensuring implementation. Second, local elites on Bonny are relatively united and capable of collaborating effectively in company-sponsored cooptation mechanisms. The resulting alliance with the companies helps keep violence low, despite the existence of significant local conflict.

In Ogoniland, by contrast, the state appears to be unable to repress local resistance enough to prevent the interruption of oil production. This is the result of united elites choosing resistance against oil production arrangements. Furthermore, Ogoniland is an outlier among the cases considered in this dissertation because of the international attention gained by its elite-based resistance. In this context, state repression carries particularly significant reputational risks for the states and, in particular, the companies. They do not need to fear such cost in other parts of the Niger Delta. At the same time, while Ogoniland is a large production area, its relative importance is diminishing steadily as new oil fields are discovered elsewhere, particularly offshore. Resistance there can thus be more easily tolerated.

Broader Implications

These findings have three broad theoretical and policy implications. The first theoretical implication is the relevance of international factors to explaining socio-economic outcomes in rentier states. As such, the study has demonstrated that oil companies fulfill key functions of local government in the Niger Delta, particularly related to service delivery and infrastructure provision. Conversely, local government institutions are weak and local officials play only a negligible role in local governance. This finding contradicts a key tenet of the resource curse literature which has generally cast the socio-economic fallout from oil production as domestic pathology of rentier states. More broadly, the influential "good governance" agenda has increasingly lost sight of the way in which the structure of the global economic affects societies in developing countries. Incidentally, oil companies themselves use good governance arguments and the resource curse thesis to skirt blame for the Niger Delta Crisis. Instead, they point to the inability of local societies to deal with the corrosive effects of oil revenue flows and decry the lack of capacity on the part of governments. The study has shown that this is disingenuous in view of the profound local effect of oil company activity and the close alliance between companies and the Nigerian government.

In this connection, another relevant international factor is the attention paid to oil company practices in consumer markets. As such, global advocacy can play a significant role in particular settings. It is clear that local elites in Ogoniland received significant support from advocacy actors. This has likely further encouraged them to chose resistance against the state and Shell, and has strengthened their ability to withstand repeated attempts at co-optation and repression. Similarly, global advocacy has compelled oil companies to represent their activities in production countries in a manner that is palatable to their global consumers. While it is unclear to what extent consumers actually base their purchasing decisions on ethical considerations, community foundations serve this public relations objective by creating the impression that companies have made fundamental changes in their operations in the Niger Delta. However, the analysis presented here suggests that, in reality, they have not.

For this reason, the second broad implication is that voluntary corporate social responsibility policies are unlikely to mitigate the Niger Delta Crisis. The analysis has confirmed its initial assumption that oil companies will go to great length to “do what they have to do” in order to ensure oil and gas can continue to flow. In this context, socio-economic sustainability and community development are secondary concerns. With respect to community foundations more specifically, oil companies are faced with a formidable conflict of interest in being both a stakeholder in local production and the sponsor of a new arrangement ultimately intended to mediate their own relationship with other stakeholders. As has been argued above, furthermore, they themselves are responsible for many of the challenges to local development processes the community foundations approach is ostensibly designed to overcome.

In this context, the study has also shown that the Akassa Community Foundation, which companies cite as the blueprint for their recent emphasis on the community foundation approach, is built on a set of highly context-specific factors. The most crucial one is that the corporate sponsor, Statoil, differs significantly from other oil companies in the Niger Delta because it does not have interests in onshore production. As such, it is not entangled in local affairs in the same way as the other companies, particularly the large producers Total and Shell. While its principles are sound and there have been a number of significant achievements, these specificities make it unlikely for the Akassa model to be replicated elsewhere with similarly positive results.

A more promising avenue would be to focus instead on regulating the production process. Most current approaches in this respect target the national government level, based on the logic of good governance, this analysis underlines the importance of strengthening accountable local governments and regulating oil companies. Strengthening the integrity of local elections would be a promising step towards the first objective. Nigeria is in a somewhat privileged position in this respect compared to many other rentier states because of its relatively free press, active civil society and the fact that most citizens already have some experience with voting. Meaningful accountability at the local level may help local governments that are able and willing to speak out for the rights of local communities in production areas. A recent number of successful lawsuits against oil companies in their home countries, furthermore, have underlined the potential of regulating oil companies more stringently where they are registered (IRIN 2011). This type of extraterritorial regulation raises significant issues of enforcement and monitoring, but this task could conceivably be carried out by local civil society organisations in collaboration with international advocacy groups. In recent years, these groups have already shown their ability to face up to multinational companies and their growing capacity to support advocacy objectives with rigid monitoring and analysis.

The third broad implication of the analysis presented in this dissertation is that differences in observed violence say little about the intensity of the Niger Delta crisis in a given location. In this respect, Bonny is a case in point. While observed direct violence is relatively low, the discussion has suggested that this is at least partially the result of significant repression. A large section of the local population remains displaced from their homes and unable to participate in the oil revenues which almost literally flow through their former homes. Combined with the fact that locations where observable violence is low are few and far between to begin with, this underlines how all communities studied here have suffered significantly from oil and gas production. In other words, local violence is but one manifestation of the Niger Delta crisis. The state and oil companies retain significant capacity to repress dissent in locations where it threatens the core of oil rent accumulation. This means that there may be no overt local violence in specific location, but that does not represent a sustainable strategy in any meaningful sense. Rather than addressing the underlying sources of violence, it merely tapers over the many fault lines created in the production process. Unfortunately, in the shadow of oil production, persistent violence and crippling poverty remain common experience for most people across the Niger Delta.

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Interviews

All respondents were promised full confidentiality.

No.	Respondent Description	Interview Location	Interview Date
1	Energy Editor, National Newspaper	Lagos	15 October 2010
2	Staff Member, Development NGO	Port Harcourt	26 October 2010
3	Staff Member, Human Rights NGO	Port Harcourt	26 October 2010 and 3 December 2010
4	Director, Community Foundation	Port Harcourt	29 October 2010 and 19 November 2010
5	Director, Development NGO	Port Harcourt	30 October 2010
6	Community Leader, Bonny	Port Harcourt	1 November 2010
7	Community Member	Egi	2 November 2010
8	Community Member	Egi	2 November 2010
9	Staff Member, Human Rights NGO	Port Harcourt	3 November 2010 and 1 December 2010
10	Staff Member, Development NGO	Port Harcourt	4 November 2010
11	Staff Member, Human Rights NGO	Port Harcourt	5 November 2010
12	Director, Development NGO	Port Harcourt	10 November 1010
13	Staff Member, Human Rights NGO	Port Harcourt	11 November 2010
14	Human Rights Activist	Port Harcourt	12 November 2010
15	Staff Member, SPDC	Port Harcourt	13 November 2010
16	Senior Manager, SPDC	Port Harcourt	16 November 2010
17	Community Leader	Bonny	20 November 2010
18	Community Leader	Bonny	20 November 2010
19	Community Leader	Bonny	20 November 2010
20	Community Member	Bonny	20 November 2010

21	Senior Official, Bonny Local Government	Bonny	20 November 2010
22	Community Leader	Bonny	20 November 2010
23	Community Leader	Bonny	20 November 2010
24	Former Staff Member, Chevron	Port Harcourt	21 November 2010
25	Director, Community Foundation	Yenagoa	22 November 2010
26	Official, Bayelsa State Government	Yenagoa	22 November 2010
27	Staff Member, Human Rights NGO	Yenagoa	22 November 2010
28	Staff Member, Oil Company Subcontractor	Yenagoa	22 November 2010
29	Community Leader, Gbarain	Yenagoa	23 November 2010
30	Community Leader	Gbarain	23 November 2010
31	Community Leader	Gbarain	23 November 2010
32	Senior Manager, Rivers State Sustainable Development Agency	Port Harcourt	25 November 2010
33	Staff Member, International Development Project	Port Harcourt	25 November 2010
34	Human Rights Activist	Egi	29 November 2010
35	Community Leader	Egi	29 November 2010
36	Former Staff Member, SPDC	Port Harcourt	30 November 2010
37	Senior Manager, SPDC	Lagos	7 December 2010
38	Lawyer, Human Rights Law Firm	Lagos	11 December 2010