

Impact of Shell's Sustainable Community Development Approach on the Livelihood Activities of Community Beneficiaries in the Niger Delta, Nigeria

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The study assessed the impact of Shell Petroleum Development Company's (SPDC) sustainable community development (SCD) approach to interventions in the Niger Delta region. It specifically assessed performance of projects implemented through SCD approach against projects' objectives and also assessed projects impact on livelihood activities of the beneficiaries. A desk review of SPDC's approaches to project implementation was done and a field work was carried out during which opinion leaders, youth, women leaders were interviewed and field observation of the projects were made. The data collected were analysed using descriptive statistics and composite index. Response on the level of performance of SPDC's agricultural intervention revealed that the project performance was high, but there was an average level of impact on the livelihood activities of the beneficiaries as it did not exceed 0.699 index range. It was concluded that the SCD approach used for the implementation of the community projects was less effective, thus the project objectives were not fully achieved. Therefore, SPDC should re-strategize her community development initiatives to achieve her goal of sustainability.

Keywords: Impact, SPDC, sustainable community development, agricultural intervention, livelihood activities, sustainability, Niger Delta

Introduction

The Niger Delta basin is the mainstay of the Nigerian economy making up over 80% of government's annual revenue (Karl and Gary, 2003). Unfortunately, oil and gas exploration has caused land degradation, affecting agricultural production of the people of the Niger Delta region. The oil companies established agricultural projects like poultry farms, Aquaculture and agro processing mills for the communities in a bid to cushion the effect of deprived primary occupations arising from spills and massive land takes. These projects have the sole objective of achieving set outcomes one of which is promoting and sustaining wealth creation activities at micro, small and medium enterprise levels. As asserted by Nwachukwu (2008), the goal of every development project is to make impact on the benefiting communities in terms of human empowerment and infrastructural development. Since its intervention in the plight of the Niger Delta, from 1960 up to date, Shell has employed different approaches in an attempt to reduce poverty in the host communities and sustain development; the most recent which is the sustainable community development (SCD). The

study aimed at measuring the impact of the sustainable community development approach employed by Shell to reduce poverty in the communities of Niger Delta. Impact could be defined as sustained change in people's lives brought about by a particular intervention. It could also be seen as a significant or lasting changes in people's lives brought about by a given action or series of actions. On the other hand, assessment of impact is a systematic analysis of the sustained changes (positive or negative), intended or not, in people's lives brought about by a given or series of actions. According to Pasteur (2001), human, social, financial, physical and natural capital assets are factors that contribute to livelihood. Impacting on the livelihood of the Niger Deltans and wealth creation by Shell could bring about a peaceful business environment for Shell's oil and gas drilling.

Shell and Community development in Niger Delta

Shell Petroleum Development Company (SPDC), a multinational company in Nigeria primarily focuses on oil and gas drilling in the Niger Delta. It sees

enormous challenges in Niger Delta one of which is poverty. SPDC's intervention in the plight of Niger Delta dates back to 1960. Since then, concerted efforts have been made through direct contribution or partnership to develop communities in the Niger Delta. This contribution to community development has been possible through implementation of developmental projects by different sectors/teams in SPDC one of such is the Economic Empowerment team.

Community Development Programme Implementation Strategy

The projects covered the communities in the 3 states but local capacity building efforts were aimed at 3 persons per project. These three were to be trained on various management practices with the hope of sustaining the project for the communities at the Contractors' exit. The project relied so much on contractual agreement with local service providers from the private sector to execute its main activities. The project also relied on Community Project management committees (CPMCs) to plan and manage the Community Development interventions for the communities at the exit of Contractors. The Contractors work scope therefore included, training of the CPMCs before implementation and coaching while on the projects. They received training on areas covering; machine operation, Feed production, Project management and Farm maintenance. In some cases, the CPMCs were trained for 3 days while some did not receive training at all. There were issues of lack of clarity, lack of reading materials to follow up training etc. in which case the local capacity building relied mainly on a useful learning by-doing approach. However, the project lacked an effective periodic/milestone monitoring system capable of ascertaining compliance to contract terms.

Relevance: The project design did not allow for adequate training of CPMCs owing to the fact that the CPMCs were excluded from involvement in contract agreement drafting and the one-year period of execution of project seemed not to have been enough.

Effectiveness: On the overall, the project was adjudged effective in line with the earlier objectives. Effectiveness was very satisfactory in terms of providing social amenities/collective productive infrastructure to rural communities even though effectiveness was found to be weak in strengthening of local capacity to manage the projects for sustainability.

Efficiency: The study did not attempt detailed economic and financial analyses of the overall

projects as it wasn't the objective. Again, many project interventions are directed towards strengthening and promoting participation that will lead to ownership and capacity building of beneficiaries for sustainability. With these, economic benefits are difficult to assess.

SPDC's support for community development (CD) is based on a desire to reduce poverty in the Niger Delta, promote economic empowerment amongst its people and stimulate employment for its youths. The aim is to make social investment that will promote sustainable development and economic independence for the people of the Niger Delta and to earn the support of the people for a peaceful and stable environment for her business. Their involvement with the communities takes the form of direct social investments, which are selected in consultation with participating communities. For proper implementation of community development programmes, several strategies have been adopted and for lack of satisfaction and want of goal attainment, SPDC keeps changing her strategy/approaches.

Past Community Development Approaches adopted by Shell

Community Assistance Approach (CA): This approach to community development as adopted by Shell involved provision of assistance to communities by providing what they perceived as the felt need of the people. As highlighted in Table 1 below, it was a 'Top-Down' approach to development which, as noted by UNDP, 2002 and Nya, 2002, always lead to failure of poverty-focused interventions. The approach was essentially about 'giving things' to the communities in the following areas: community water projects; community hospitals and health care system; Training on basic skills in welding, plumbing, masonry, carpentry, auto engineering and electrical engineering; Scholarship programmes for university and secondary schools students, building of classroom blocks; agricultural extension advisers to support farmers and cooperatives; micro-credit schemes; business development for income generating purposes such as water/ land transport and fishing; and other infrastructure such as roads, rural electrification projects, land reclamation for community expansion, etc. (SPDC, 2001;Ite, 2002).

According to Ite, 2005, with the community assistance approach, the company merely responded to the 'wish or shopping list' from the communities as emphasis was placed on a one-time 'gifts' rather

than support for sustainable development. This approach placed the community at a dependency position for a short term want-satisfaction while their environment and natural resources were being exploited by the multinational company. Shell realized that their real development priorities and actual needs were not met, this informed a sudden departure from the Community Assistance (CA) approach in 1997 to Community Development approach after practicing it for thirty-seven (37) years.

Community Development approach (CD): SPDC changed its strategy from the community Assistance to Community Development with the aim to foster greater partnership (see Table 1 below). The CD approach placed more emphasis on the empowerment of communities and building community cohesion, planning strategic and research based programmes with full participation of communities in order to foster community ownership and control (SPDC, 2010).

In order to achieve the aim, communities were empowered to produce development plans (CDPs) after need identification, assessment and priority setting. This resulted to a bottom-up approach which brought about synergy and coordinated plans. The success of the CD approach lied with the fact that, it attracted foreign direct investment and international organizations to the Niger Delta (Ite, 2007) but, there were shortfalls in objectives attainment (SPDC, 2004a). The reasons being that, it was still fully company interest driven and was operated side by side with the community assistance (CA) approach. This made the ownership and overall sustainability of community projects by the community members minimal. Shell, on recognition of this, needed another approach that will better promote ownership and sustainability hence the migration to sustainable community development (SCD) approach in 2004 after implementing CD for seven (7) years.

Sustainable Community Development (SCD) Approach: This approach aims at supporting communities to improve their capabilities to generate

and sustain their own socio-economic progress and quality of life through strategic partnerships with Government, Local and International Development Organizations, the Community and other Stakeholders (SPDC, 2004a; Ite, 2005). The sustainable community development (SCD) strategy emerged as the third approach of social uptake in Shell's journey from CA to SCD (SPDC, 2004b, 2004c, 2004d).

The primary focus of SCD approach was on economic empowerment, human capital development, healthy living and basic services and the overall goal was to leverage the resources that SPDC can offer and empower local communities to taking the lead on issues for their own development. This was to be achieved through strategic alliances and programme partnership. According to Finlayson, 2003, strategic alliances and programme partnerships offer opportunities for inter-agency co-operation and joint funding, while Shell's implementing partners deliver the programme on their behalf at the field level. The hope is that developmental and employment generating opportunities in the communities will be accelerated leading to poverty reduction in the Niger Delta (SPDC, 2004d).

According to SPDC, the broad objective of its community development's Intervention was to promote and sustain wealth creation activities at micro, small (meso) and medium enterprise levels while the specific objectives were to: Increase opportunities for wealth creation; Build community capacity for sustainable development; Promote peace and security between the communities and Shell; and to improve economic infrastructure in the communities in partnership with other stakeholders. The Sustainable Community Development (SCD) approach as observed by Ite, 2007 has the potential to succeed where others failed, if it is implemented within a tri-sector partnership framework involving Shell, the Nigerian government and civil society. The study therefore assessed the success of the strategy (approach) as meeting the objectives of creation, promotion and sustenance of wealth related activities (SPDC, 2008a).

Table 1: Transition from CA-CD-SCD

Community Assistance (CA) (1)	Community Development (CD) (2)	Sustainable Community Development (SCD) (3)
Company interest driven	Company interest driven	Company interest driven with sustainability as end goal
Ad hoc projects	Planned strategic, research based	Emphasizes institutional capacities to sustain programme benefits
Decides for the community	Decides with full community participation	Integrates all stakeholders in decision making
Focuses on the privileged	Builds community cohesion	Enhances community advocacy skills
Short term palliative	Interest in long-term relationship	Socially responsible client
Applies core business practices	Applies best practices that work	Adopt corporate practices
Do it alone	Partnership with NGOs, Donors, Government, e.t.c.	Communities identifying and working with partners
Drives up expenditure	Lowers project costs	Enhances value for money
Drops infrastructure: object oriented	Puts people with infrastructure: service oriented	Puts emphasis on human capital development
Uses paternalistic strategies	Requires new expertise and strategies	Adopts appropriate strategies
Company ownership and full responsibility	Fosters community ownership and control	Communities are the initiators
Creates dependency on SPDC	Builds community confidence and capacity	Visible increase in standard of living
Quantum of assistance matters	Quality of life matters as end goal	Sustainability of programme gains matters as end goal
Distrusting customers	Satisfied customers	Seen as critical partner

Culled from together we do it- an SPDC Sustainable Community Development Approach to Community Interface Management

Methodology

Area of Study

The study was carried out in the Niger Delta Region of Nigeria. The area is made up of 9 states which consist of 33 million people, with over 40 ethnic groups in 3,000 communities located between Longitudes 4° 18' and 9° 24' E of the Greenwich Meridian and Latitudes 4° 12' and 7° 48' N of the Equator; some of the Ethnic groups include: Ogoni, Tai, Ikwerre, Ndoni, Egbema, Ogba and Ekpeye, Engenni, Degema, Abua Odual and Obolo/Andoni in Rivers State. The Ibibios, Annang, Oron and Ibeno of Akwa Ibom; the Ijaws, Urhobo, Itsekiri, Ika and Ukwuani of Delta State; Other ethnic groups are Ilaje and Ikale in Ondo State; Ibos of Imo and Abia States and Egor, Oredo and Orhionwon of Edo State; Ejegham, Bekwara, Efiks, Agbo, Bahomono, Yakurr, Biance, Etung, and Mbembe of Cross River State. (NDRDMP, 2006).

Sampling

Multistage sampling technique was used first to purposively select SPDC's core operational states

which were Bayelsa, Delta and Rivers. Secondly, a purposive selection of agricultural interventions executed by Economic Empowerment unit of SDCR team was done and using the simple random sampling technique, 16 out of 32 agricultural projects executed between 2004 and 2008 were selected for the study. The snowballing technique was used to interview at least 10 persons in each selected project which gave a total of 160 respondents.

Data Collection

A desk review of the project was carried out which gave idea of the projects and the sites; a set of semi-structured interview schedule was administered to the respondents; Field observation method was employed as well as Focused Group Discussion (FGD). The FGD was conducted for 3 prominent project types to capture peculiarities and was carried out with community leaders, comprising of the community head and council members, the women leader and the youth leader; altogether ten (10) in number. The purpose of the FGD was to provide an in-depth exploration of the effectiveness of the SCD approach

used by SPDC. The discussions were transcribed by the researcher based on pre-determined criteria.

Analytical Technique

Both descriptive and inferential statistical tools were used to analyze the data collected.

Measurement of Variables

Cruciani (2007) opined that assessment of impact on livelihood could be done with a baseline inventory on livelihood assets and income through field survey using structured instrument. This measurement was taken at two levels. First, respondents responded to seventeen identified livelihood activities through a nominal scale of yes and No. This was necessary to ascertain livelihood activities generated from SPDC's agricultural intervention. Measurement of impact was carried out by analyzing the responses on the changes that have occurred in the lives of beneficiaries or could occur to the beneficiaries as a result of SPDC's agricultural intervention. Second, a three point Likert scale was employed to ascertain adequacy for livelihood activities. SPDC's agricultural interventions' overall objective was to promote and sustain wealth creation activities at micro, small and medium enterprises level. SPDC's intervention specific objective number 1 was to increase community's opportunities for wealth creation. It was therefore expected that small businesses will be set up with the intervention being the major source of supply. This informed the identification of 17 livelihood activities which the beneficiaries identified 7 as those which were established basing on

intervention. Adequacy of livelihood activities was considered based on the adequacy of income from livelihood activities to provide for certain household needs of the beneficiaries. Intervention will only have a positive impact on the livelihood activities of the respondents when the income is adequate or satisfactory.

Results and Discussion

Assessment of performance of community development agricultural intervention by respondents

Magnitude of performance of SPDC's agricultural intervention

A composite index analytical procedure was used to estimate the magnitude of performance of Shell's agricultural intervention. Following the derivation of each respondent's Performance of Agricultural Intervention' (PAI) index, the index of PAI was categorized into low for ranges between 0.00 – 0.399, average for ranges between 0.40 – 0.699 and high for ranges between 0.70 -1.00. The result in Table 2 shows that, 58.7% of the respondents estimated the performance level of the intervention as exceeding 0.70, which was interpreted as high, 26.3% estimated performance as average while 15% estimated the agricultural intervention level as not exceeding 0.399, which means that performance was low. The implication is that the agricultural interventions' performance was high.

Table 2: Magnitude of performance of SPDC's agricultural intervention

PAI Index Range	Interpretation	Frequency	Percentage
0.00 – 0.399	Low	24	15.0
0.40 – 0.699	Average	42	26.3
0.70 – 1.00	High	94	58.7
Total		160	100.0

Source: Field Survey 2011

Assessment of impact of agricultural intervention on the livelihood activities of beneficiaries (ILA)

As shown in Table 3, 48.7% of the respondents estimated the level of impact from intervention as not exceeding 0.399 which was interpreted as low, 49.4% estimated the level of impact on respondents'

livelihood activities as average (not exceeding 0.699), while 1.9% estimated the level of impact on livelihood activities of respondents as exceeding 0.70 which was interpreted as high. This meant that the intervention had a moderate impact on the livelihood activities of the community people.

Table 3: Impact of SPDC's agricultural intervention on livelihood activities

PAI Index Range	Interpretation	Frequency	Percentage
0.00 – 0.399	Low	78	48.7
0.40 – 0.699	Average	79	49.4
0.70 – 1.00	High	3	1.9
Total		160	100.0

Source: Field Survey 2011

Distribution based on the element of livelihood activities of respondents from SPDC's agricultural intervention.

Seventeen livelihood activities were identified for respondents to select from and seven agricultural-based livelihood activities were selected by respondents on these bases; 80% of the respondents selected livestock farming, 46.2% selected fishing and fish processing, 31.9% selected crop farming, 19.4% selected poultry products/processing, 15.6% selected trading/marketing, 25.6% selected hired labour and 16.9% selected salaried job. Some that

traded on poultry products expected a continuous supply from SPDC's intervention farms in terms of eggs, broilers and/or culled layers for processing. Those who went into crop farming hoped to benefit from the droppings/manure from the poultry farms of SPDC's intervention. Also, members of the communities thought that with the establishment of fish farms by SPDC, they could buy fish at cheaper rates and enjoy a continuous supply to their fish processing business. From the foregoing, it could be said that SPDC's objective of increase opportunities for wealth creation was minimally achieved.

Table 4: Distribution based on the livelihood activities generated from SPDC's agricultural intervention

Item	Livelihood Activities	Yes		No	
		Freq.	%	Freq	%
1.	Crop farming	51	31.9	109	68.1
2	Poultry Products/processing	31	19.4	129	80.6
3	Livestock farming	128	80.0	32	20.0
4	Trading/marketing	25	15.6	135	84.4
5	Salaried work	27	16.9	133	83.1
6	Fishing/fish processing	74	46.2	86	53.8
7	Hired labour	41	25.6	119	74.4

Source: Field survey, 2011

Distribution based on adequacy for livelihood activities by respondents

As shown in Table 5, 30% of the respondents affirmed that their livelihood activities was adequate in providing food for the family; 38.1% stated that their livelihood activities was adequate for health needs of the family while 44.4% stated that livelihood activity provided adequately for the educational needs of the family. Similarly, 43.1% affirmed the adequacy of their livelihood activities

for family social needs and 22.5% stated that their livelihood activities were adequate in providing a little money for savings on monthly bases. From the result, the incidences of satisfaction on livelihood activities generated were generally inadequate. It could be said to have a weak impact on the overall living standard of the community people as many could hardly save a little money for family upkeep and educational obligations to their children and spouses.

Table 5: Distribution of respondents based on adequacy for livelihood activities

Item	Needs	Very Adequate	Adequate	Not Adequate
1	Providing food for the family	7(4.4)	48(30)	105(65.6)
2	Providing for health needs of the family	3(1.9)	61(38.1)	96(60.0)
3	Providing for education of the family	3(1.9)	71(44.4)	86(53.7)
4	Provide to save a little monthly	3(1.9)	36(22.5)	121(75.6)
5	Provide for social needs of the family	20(12.5)	69(43.1)	71(44.4)

Source: Field survey 2011

Implication of the Study and Conclusion

The projects were minimally effective in achieving their immediate objectives of wealth creation and promotion. The results obtained were comparable with what has been planned and could be confirmed from beneficiary interviews, discussions with the relevant stakeholders and verification of available documents. However, sustenance of the projects and the wealth related activities created were the major challenges which the SCD approach could not provide effective solutions to. This was appreciable in view of the fact that as at field visit, only 5 of the projects representing (31.25%), out of the 16 projects studied were functional. Creating positive and sustained impact in Shell's host communities may lead to peaceful business environment for Shell whereas lack of it may bring about the opposite. In conclusion therefore, the Sustainable Community Development (SCD) approach of SPDC was not very effective at impacting on the livelihood of beneficiaries for sustainable poverty reduction as envisaged by SPDC.

Recommendation

SPDC should therefore re-strategize its community development approach to make for increase wealth creation opportunities, effectiveness of the wealth opportunities and sustainability of same. This way, there will be effective impact on the livelihood activities of the people and Shell's objective of poverty reduction will be achieved.

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