Community-Driven Development: A New Approach to Social Development in the Niger Delta
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Abstract

The Global Memorandum of Understanding (GMOU) process was initiated in 2005 by Chevron Nigeria Ltd. (CNL) as a significant departure from prior operating experience in the Niger Delta. Previously, the company’s community relations spend primarily targeted “host communities” and involved relatively large, signature projects like schools and hospital buildings. Serious conflict between “have” and “have-not” communities, and between communities and the company, had been escalating for years. The new approach, based on a community-driven development model, was intended to deliver equitable and sustainable social investments, build capacity in civil society and promote peace and security. This paper will describe the model, as well as programs for training and capacity-building, governance, planning and field research.

CNL’s model of community-driven development was based on earlier efforts by Great Britain’s Department for International Development (DFID) and the Ford Foundation. The GMOU effort represented the model’s first application in the international oil sector, as well as in Nigeria on a large scale.

By 2007, 72 projects had been implemented in 50 communities. By 2011, 200 projects were completed. The three-year GMOUs have been renewed twice and conflict around Chevron facilities has been considerably reduced. These results can be attributed to several factors: the community-driven development model, up-front investment in training and capacity-building, transparent engagement with government at all levels, and long-term commitment to the process by all major stakeholders. The results also indicate that, in extreme poverty areas, social investment may have a more lasting, measurable and direct impact on beneficiaries when funds are directed to projects that enjoy a high level of community “ownership,” rather than to large-scale initiatives.

Community-driven development planning, coupled with transparent governance, can be used in other West African, Southeast Asian and Latin American locations where oil companies are considering social investments. It may be especially relevant in situations where traditional development approaches have failed and company operations are negatively impacted by local conflict.

1. Oil and Violence in the Niger Delta

Since 1956, oil and gas production in the Niger Delta has affected thousands of communities across 300 square miles of riverine and coastal territory (as well as the “deep offshore”), involving dozens of ethnic groups and subgroups. More than 30 million people are believed to live in the nine Delta states where hydrocarbons are found. Many of them cluster along remote creeks and or on patches of high ground in swamps that are criss-crossed by flow lines, pumping stations, storage tanks and other oil facilities. They must do without clean water, electricity, jobs, education and health care, while all of these things are available to oil workers. According to a recent World Bank report, “The divisions between rich and poor are more obvious in the Delta, and declines in Human Development Index have been steeper for the Niger Delta states than the rest of the federation. As well, the capital intensive nature of the oil industry means that levels of unemployment and underemployment are higher in the core states of the Niger Delta than in any other region in Nigeria. Furthermore, oil industry-related environmental degradation caused by oil spills, gas flaring and deforestation has undermined opportunities in fishing, agriculture, and related traditional occupations...” (Iledare and Suberu 2010)
In the early 1990s, gangs of disaffected “youth” often stole oil or equipment and occupied petroleum facilities in their own neighborhoods. They demanded jobs, community projects, training and cash – usually framed as a part of a larger campaign for environmental and social justice. By 1997, they extended their reach to coastal barges and “near off-shore” platforms. Beginning in the early 2000s, events acquired a more ominous cast: “On Independence Day, 1 October 2004, President Obasanjo held talks with Alhaji Musahid Dokubo Asari, the leader of the so-called Niger Delta Volunteer Force, to persuade him to call off Operation Locust Feast, a militia offensive against oil firms. Asari and his associates demanded greater local control of the region’s oil and gas resources…Political activists and pro-democracy groups in the Niger Delta have pressed the same demands for many years. Asari and his cohorts differ, however, in that they are linked to organized crime and are armed with relatively sophisticated weapons…” Thus behind the reformist rhetoric, the violence in the delta is becoming privatized, interlocking with corruption and electoral politics, including the deployment of militias by state governors to intimidate opponents.” (Ibeanu and Luckham, 2007)

By 2006, Asari’s Volunteers were apparently subsumed by the Movement for the Emancipation of the Niger Delta (MEND). According to The Economist (2008), MEND "portrays itself as political organisation that wants a greater share of Nigeria’s oil revenues to go to the impoverished region that sits atop the oil. In fact, it is more of an umbrella organisation for several armed groups, which it sometimes pays in cash or guns to launch attacks." Between January, 2006 and March, 2011 MEND claimed to carry out at least 35 attacks on oil installations, personnel and other facilities including off-shore platforms, remote swamp pipelines and even in Lagos and Abuja.

2. Community-Driven Development as a Conflict Resolution Strategy

During this period, international oil companies were becoming increasingly frustrated by the violence, destruction and chaos. More than 1,000 people were killed each year, reports of illegal bunkering to fund political campaigns were rampant, and more funds for community development did not seem to make a positive difference. Between 1997 and 2001, CNL’s operations were disrupted 74 times. A 2003 protracted inter-ethnic conflict in the Warri area caused CNL to lose $500 million in assets, shut in production and restrict mobility of employees for almost a year.

In 2004, CNL senior management was convinced that the time was right to pivot away from traditional development strategies and focus instead on reducing conflict and strengthening civil society. CNL’s new approach, called the “Global Memorandum of Understanding” (GMOU), includes elements of other promising community-driven development initiatives in the Niger Delta (Ristau and Knight, 2008).

The GMOU provides a template for a new relationship between the company, 425 local communities in the swamps and along the coast, and five state and numerous local governments. It places development squarely in the hands of representatives of ethnic groups numbering some 850,000 people in Chevron’s vast operating area, under the theory that funds, and the benefits they bring, will be more valued if they are managed by local people themselves. It brings government to the table as a partner, treats every ethnic group identically by signing virtually the same agreement (MOU), and rewards peace, not conflict, with additional funding. Thus CNL hoped to restrain “conflict entrepreneurs” who have benefited most from disorder. And it abandoned the notion of “host community,” a source of endless friction, in favor of more inclusive social and cultural boundaries.

By late 2005, CNL (with support from the New Nigeria Foundation) negotiated MOUs with eight Regional Development Councils (RDCs), comprised of acknowledged community leaders. (Note: the initial RCD members were recognized by CNL, but members have since been democratically elected for three-year terms.) The RDCs receive an annual allocation from Chevron based on their population and the value of CNL’s assets or oil production within their “service territory.” The company also persuaded state governments to pay a share of RDC activities from their “derivation funds” (13% of Nigeria’s hydrocarbon revenues).

The model contains a series of checks and balances to assure transparency and to guarantee strong financial oversight. Community leaders would be recruited to serve on various committees, including Project Review, Conflict Resolution and Accounting. Each Council would be autonomous and independent, but project funds would be released only upon approval by a Community Engagement Management Board (CEMB), chaired by CNL. Triggers for release of funds include a three-year development plan containing high priority projects, identification of certified local contractors and project budgets.

The GMOU model contains all of the elements of community-driven development denoted by field practitioners at the World Bank, as follows:

1. Work through a community-based organization or representative local council of a community. The essential defining characteristic of a community-driven development project is that the beneficiaries of the project are agents of the community.

2. Community-based representation is responsible for designing and planning projects in a participatory manner.

3. Resource control is delegated to the community.
4. The community is directly involved in the implementation of the project. Often, participation is in the form of labor, funds, management of contractors or operation and maintenance after completion.
5. Community-based monitoring and evaluation, and grievance procedures, assure accountability to all stakeholders.

3. Planning and Capacity-Building Are Key to Governance

Such a dramatic departure from normal business, with a simultaneous launch of eight new organizations, required careful planning and external resources. CNL invited highly qualified Nigerian experts Enterprise for Development International and the New Nigeria Foundation to manage planning and capacity-building tasks. The team (which also included the Terra Group, CNL's external advisors) proceeded on two tracks: governance and development planning. The RDCs needed to organize themselves as not-for-profit organizations, similar to the U.S. community foundation model. The Councils also needed to gain legitimacy with their communities, learn basic principles of community development, and adopt basic operating procedures for financial management and governance.

CNL staff and external accounting consultants created financial management systems to assure that community development funds could be tracked. A chartered accountant was provided to the Councils to help set up their books and manage their systems. Councils were required to register with the national government as non-profit organizations so that they would be able to raise additional funds. The team also developed a detailed manual and training program for the RDCs, and led a two-day management seminar for each Council. One CNL community liaison staff person was assigned to each council to provide hands-on guidance and support.

Other local experts were engaged to organize and standardize the Project Review Committees, charged with executing the development plan for each Council. The committees, which include local community members, NGOs and CNL engineers, received specialized training in bidding, contracting, monitoring and evaluation procedures.

These were daunting, but manageable, tasks. After all, some RDC members were sophisticated business people in their own right and quickly adapted to the new operating environment. But new development strategies that would bring real change to desperately poor villagers were largely unknown in Nigeria, especially at the scale and on the schedule demanded by CNL.

4. Sustainable Livelihoods Assessment Theory

The company faced several practical challenges in gaining community buy-in to the new development model. In the Niger Delta, self-driven community-level planning was unknown. Rural people have traditionally depended on social networks and often form cooperatives, but generally do not undertake initiatives that extend beyond the household level. Since a vast majority of households survive at the subsistence level, very few can see a way out of extreme poverty, other than leaving the village to seek work in the cities. Many communities located near oil operations depend on private oil companies to provide for their basic needs, and also demand that the companies provide jobs for their unemployed youth. In most areas, autocratic local rule is the norm. Remote local villages are populated largely by the poorest of the poor: women and children, who expect nothing in return for the "homage" they paid to the "big men" who lived in relative prosperity in the cities of Warri and Port Harcourt. Without strict financial controls, the potential for corruption and mismanagement of the GMOU program was overwhelming. And the biggest challenge of all: for the first time in 20 years, CNL would not be responsible for the success or failure of every project. If something went wrong, the new RDCs would be held to account.

In order to help the RDCs plan how to allocate their resources and to gain community buy-in, the CNL team settled on the use of the sustainable livelihood assessment (SLA) to gather accurate baseline information on local conditions and to begin developing momentum for community ownership of projects.

The sustainable livelihoods assessment was developed by DFID to support poverty eradication by making enhancement of poor people's livelihoods a central goal of development efforts. In this context, a livelihood is defined as the capabilities, assets (including both material and social resources) and activities required for households to obtain a means of living. A livelihood is sustainable when it can cope with and recover from stresses and shocks, and maintain or enhance its capabilities and assets both now and in the future, while not undermining the natural resource base.

In the case of the GMOUs, SLAs served a dual purpose. They provided baseline social and economic information for three-year community investment plans, which RDCs were required to prepare before receiving their annual budget from CNL. More important, they helped local people, who were often separated by conflicting allegiances and interests, to reach consensus about local priorities and to begin to think about their responsibility for determining their own future. So in addition to specific project benefits, this approach is intended to strengthen governance, build social capital and empower poor, marginalized populations. Such measures – not simply building more infrastructure – are essential for development.
The resulting community development plans complement and support a number of initiatives on the international, national, state and local fronts to address poverty in the Niger Delta. Each aligns with current development policy and best practice, and provides opportunities for the Councils and their communities to work with multi-lateral, international, government and NGO sources of support in order to enhance livelihood security, infrastructure improvement and community empowerment.

5. Putting Theory Into Practice

Niger Delta-based NGOs would be essential to the SLA process. The work, which took field researchers deep into the swamps and to remote coastal villages on repeated visits, required individuals with credibility and language skills to gain access to the communities. Each of the 29 NGOs was pre-vetted, and each of the 36 people who went into the field graduated from a week-long training program in May, 2006 on the essentials of community development, field research tools, report writing, etc. These specialists then divided into 19 teams based on their existing knowledge and working relationships, and coordinated data collection in major communities and/or clusters. (In larger RDC areas, seven or eight contiguous communities were often “clustered” into a single assessment.) Each team also trained and engaged community members as “co-facilitators” who participated in data collection, validation and other steps. A total of over 125 people participated in the SLA teams.

Pre-entry visits, including community sensitization, an NGO meeting with stakeholders, selection of local facilitators and planning were arranged after the May seminar to familiarize community members with the SLA/community-driven development planning process. These meetings provided opportunities for community members to ask questions and articulate their own expectations.

SLA field work was conducted without major problems between June and December, 2006. The teams triangulated information from various sources, including secondary data, transect walks, community mapping, focus group discussions, seasonal calendars, wealth ranking, problem analysis and observations as field dynamics permitted.

During this process, the teams estimated that at least 850 community residents participated in focus group discussions, interviews, community tours and transect walks and town meetings to validate the research results, etc. The discussions challenged communities to differentiate between “wants” and “needs” and to make hard decisions on projects that would spread benefits most equitably and have the highest chance of success. Team members reported that they were greeted respectfully and that the villagers were remarkably open about sharing their concerns and aspirations.

After the field work was concluded, the teams wrote up their first drafts and took them back to the communities. Community members were encouraged to make comments and inputs to the document for validation and final revisions. And in what may have been another milestone, women were actively included as SLA participants. (Although they are often the sole providers of household income, most Delta women remain marginalized and have little voice in local affairs.)

Eventually, 32 SLAs were completed for 450 communities. A summary provides a disturbing but realistic glimpse of conditions in Chevron’s operating area:

- Household sizes ranged from 12 to 17 people.
- Nearly 75% of households depended on fishing or casual labor and many households faced seasonal food shortages or starvation. Even in good times, most people did not eat three meals a day.
- Polygamy was rising in remote areas because younger men usually left their villages to seek work elsewhere. Young women were often forced to marry older men who already had three, four or five wives. Several SLA researchers equated their situation with domestic slavery.
- Children numbered more than 50% of the population in each village, but only a handful attended school.
- A vast majority of adults were illiterate and had never been to school.
- Although Chevron and Shell had been providing infrastructure for 20 years, most of it was missing or non-functional. Among 425 communities, only 27 schools were in full use, and only 19 electric generators could be found. Meanwhile, researchers counted 15 operating boreholes, wells or pipes out of dozens that had been constructed. Only one health clinic operated among coastal communities; no health facilities at all existed in the swamps.

The NGOs were next charged with drafting three-year community development plans to address high priority local needs. A variety projects were suggested in community meetings and subsequent focus groups (women, youth, elders, etc.) assessed each one based on a series of value drivers. (See Table 1 below.) This process helped the community arrive at consensus on initiatives that would be affordable, have the maximum impact on the largest number of people, and would be most likely to improve living conditions.
Table 1. Sample Value Drivers for Selecting Community Development Projects

<table>
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<th>Location: ______________________</th>
<th>Project: _______________________</th>
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<tr>
<th>1. Impact</th>
<th>High</th>
<th>Medium</th>
<th>Low</th>
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<tr>
<td>High &quot;value added&quot;: broad social and/or economic benefit. (Example: significant increase in household income, creates jobs, enhances peace and stability, etc.)</td>
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<tr>
<td>Spreads benefits equitably among beneficiaries</td>
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<td>Strengthens peaceful and orderly society</td>
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<td>Addresses youth unemployment/underemployment</td>
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<td>Improves opportunities for women</td>
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| 2. Sustainability | |
|-------------------| |
| Encourages self-reliance and avoids dependency | |
| Responds to existing or potential market (for economic projects) | |
| Strengthens capacity of individuals, community-based organizations, NGOs or local government | |
| Opens partnership opportunities with CBOs, NGOs, other donors or government | |
| Creates opportunity for government engagement and support | |

| 3. Project management | |
|-----------------------| |
| High likelihood of success (from feasibility studies) | |
| Designed to build out from success | |
| Optimizes and/or complements existing resources and capabilities | |
| Beneficiaries are involved in program design and execution | |
| Project planning and execution is transparent | |
| Strengthens long-term positive relationships among stakeholders (e.g., state governments, Chevron, etc.) | |

CNL’s team required that the community development plans follow several basic principles to ensure sustainability and long-term benefits:

- Wherever possible, rehabilitate or complete existing infrastructure before investing in new construction.
- Engage government agencies where appropriate to provide their legally mandated services, including education, health care and infrastructure.
- Involve community members as active participants in project planning and execution.
- Use every project as a capacity-building opportunity (skills acquisition through apprenticing local youth to contractors hired to build community projects, formation of community-based organizations, etc.).
- Reinforce community pride in ownership of development projects and outcomes.

The community development planning process is illustrated below in Figure 1.
The assessments and plans were turned over to the RDCs in 2007 for implementation. In general, the Councils emphasized water and sanitation as their first priority, followed by renovation of dilapidated schools and clinics, improved health and education, and strengthened local businesses. The emphasis on renovation was especially encouraging: in the past, communities simply insisted that the oil companies build new facilities, which quickly fell into disrepair. The RDCs instead hired local people to restore existing “assets” and then lobbied state and federal agencies to provide the requisite teachers, health workers, materials, etc.

Elaborate processes were developed to prevent graft and corruption. In each RDC area, the Project Review Committee of NGOs, CNL engineers, local government representatives and community leaders are responsible for developing terms of reference for each project, putting it out to bid, qualifying contractors and project monitoring. Local contractors are encouraged to bid for construction and infrastructure projects, but cannot bid for projects in their own RDC area if they serve on this Committee. CNL’s leadership team developed a training program and guidance manual for the Project Review Committees, which also had other responsibilities, including:

- Design annual workplans to execute the three-year development plans;
- Ensure that all three-year plans align with other government planning documents, including the NDDC Master Plan and state and local government plans.
- Assure that projects are implemented in line with design and construction specifications and do not exceed budgeted costs.
• Review each RDC contracting process to confirm that projects and other activities will be executed by qualified local contractors, to the extent possible.
• Recommend disbursements when project milestones are met.
• Oversee contracting process.
• Design and manage a project monitoring and evaluation system, which must involve community residents.
• Work with communities to develop and agree to a multi-stakeholder agreement for each project, which commits community members to participate through providing resources such as labor, materials, land space and/or funding.
• Assist RDC in identifying other potential sources of support for development activities.

In order to assure ongoing community ownership and commitment to the development process, the RDCs must hold at least one town hall meeting each year to review progress and discuss new initiatives. The meetings help foster transparency, and encourage communities to participate in locating and naming projects (if appropriate).

6. Data and Results

By 2010, CNL provided more than $56.7 million to RDCs for community-level projects in around 400 communities. Such projects include clean water, electricity and health care for poor communities that until then had received nothing from Nigeria’s oil wealth. The GMOU agreements themselves are due to be renewed for the third time, with continuing steps toward greater inclusiveness and transparency. Violence throughout the region has dropped significantly.

Of course, the GMOUs are not magic. Deep fissures within civil society remain and will not be easily bridged. In 2008, Chevron commissioned an independent evaluation of its progress and found several serious gaps. (Research Triangle Institute, Search for Common Ground and Consensus Building Institute 2008) Among them are:

• Coordination with government was “minimal and inadequate.”
• Many [communities] still expect the handouts and benefits of the previous system, causing tensions.
• Funding levels are inadequate to address the extensive needs of communities.
• Projects are slow to develop.
• Women have been excluded from the process.
• Communication between RDCs and communities has been poor.
• Decision-making is often cumbersome.

Yet despite its shortcomings, the approach seems to be working (Onuoha 2011). New agreements were negotiated in 2009 and are the third round of GMOUs are underway as of this writing. RDCs held leadership elections; some were re-elected and some were replaced. CNL also created a new capacity-building program for RDC members and other GMOU stakeholders to increase community participation, particularly among women; educate stakeholders on GMOU processes, and improve RDC project implementation and impact on livelihoods. (Chevron 2008)

7. Conclusions

This case highlights essential lessons for international corporations operating in weak, conflict-prone states around the world. After following a conventional “license to operate” approach, CNL recognized that simply providing “fair and just” compensation to local landowners (including communities) would not address the underlying sources of conflict: poverty, disempowerment and discrimination. They eventually improvised a new alternative to failed and undemocratic government. In particular, the GMOUs overcome a weakness found in most corporate social responsibility initiatives: “a key constraint to CSR’s role in development is the business case, that is, the subservience of any CSR schemes to corporate objectives…profit-maximizing motives are often incompatible with good development practice. Given that oil companies are not development agencies, they do not tend to prioritize overall development goals, and there are inherent limitations to how corporate social initiatives can address the concerns of local communities” (Frynas 2009).

The GMOUs demonstrate that oil companies are capable of moving beyond a narrow view of the “business case.” Chevron’s GMOUs have been copied by other companies and have spread throughout the Niger Delta. State governments, heretofore virtually inaccessible and unaccountable to local people, sit at the table with RDCs and non-profit development groups. This process has provided an experience of meaningful participation, greater involvement of women and minorities, and relatively transparent decision-making in marginalized and disempowered communities. It has strengthened civil society as a result, which ultimately supports the business case for development in a conflict zone.
Ultimately, the GMOU case supports the benefit of a long-term vision to address conflict, democratic deficits and crushing poverty. It proves the value of investing in human capital through training and capacity-building, and demonstrates that consistency and transparency on the part of an international oil company can build lasting partnerships.

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