BUILDING BRIDGES

COMMUNITY-BASED APPROACHES TO TACKLE
PIPELINE VANDALISM
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Artisinal refiner off to work” (Ewa Cholewa 2013)
EXECUTIVE SUMMARY

Pipeline vandalism cost the Nigerian Government, oil-companies and communities an estimated $14bn dollars in 2014. The failure of the Nigerian state to provide basic public services and security in the Niger Delta has resulted in a significant breakdown of the social contract. In the void that remains, international and national oil companies are often seen as a Government proxy, spending millions of dollars in their operating locations through various formal and informal Corporate Social Responsibility (CSR) and security instruments. However, these efforts are not perceived to have the communities’ interests at heart, preferring to secure a short-term license to operate as opposed to a long-term legacy in the region. In addition, the “quick and easy cash” approach by oil-companies in response to threats by vandals has created an implicit incentive to “crack pipes”, earn money and survive.

In communities, the feeling of anger and demand for attention motivates vandals to interrupt pipelines at the expense of their environment and livelihoods, with many addicted to easy money from surveillance and clean-up contracts. Others vandalise to survive in the absence of other employment choices ignoring the long-term impact to their local environment and health. The environmental impact is immense with an estimated 51,500 hectares devastated by oil spills in 2014 as a direct consequence of pipeline vandalism.

In the creeks, enormous sums of money are earned from the illicit trade of stolen oil, often settled through cash and arms deals, fuelling a “cold-war” between entrenched actors and the State. This threatens the fragile and purchased peace currently holding together the Niger Delta. As previous patronage networks strain after elections, and the means to gain access to oil-proceeds are mitigated, old militant tactics of pipeline vandalism, kidnap and organised crime may again emerge to illicit a response from Government and oil-companies. The communities that surround Nigeria’s pipeline infrastructure will continue to demand for socio-economic development of the region and based on history, there has been no quicker way to get the Government and oil-companies attention than by vandalising pipelines and halting production.

The new Administration has a short window of opportunity to address these issues once and for all, riding on post-election feelings of optimism and hope washing across the Delta; perhaps one of the first times there has been marginal support for a President not from the region. However, should the new Administration not act quickly, rising agitation and reduced patronage flows may inflame feelings of anger, resentment and hopelessness, with various individuals and groups, heavily armed and very wealthy, threatening the security of the oil industry and national income.

Our investigation confirmed that International Oil Company (IOC) pipelines have more incidences of vandalism than their National Oil Company (NOC) counterparts. This is due in part because IOC’s still own the majority of pipeline infrastructure, but also due to historically high community expectations as a result of enormous budget allocations and the availability of formal and informal channels of “easy-money” into host communities for CSR related activities, clean up and surveillance contracts.

Our research has identified examples of alternative community based models to tackle pipeline vandalism that have been trialled with some success giving a degree of confidence that change is possible and relationships can be fixed. A solution will need to take into account the successes, challenges and lessons learnt from current approaches to provide a clear direction towards a sustainable and collaborative approach to tackle the issue.

This report encourages the incoming government to consider alternatives away from a sole-security response to pipeline vandalism. There is a need to review and reset the relationships between Government, oil-companies and communities as a first step to tackle pipeline vandalism, maintaining oil production whilst reinforcing peace in the Niger Delta.

We believe efforts to reset relationships could lead to new social contract in the Niger Delta. A sustainable approach to tackle pipeline vandalism will develop local institutions and economies, increase employment and lift many out of poverty whilst reversing current incentives away from vandalism and towards pipeline and environmental protection.

The relationship between communities, oil companies and Government has been broken for too long. Now is the time to fix it.

1 SDN independent estimate. Please see reference 5 for assumptions and graphical data.
INTRODUCTION

Nigeria’s oil industry holds 12,714 km of oil, gas and refined product pipelines to facilitate petroleum extraction and transportation across the country. The Niger Delta, the source of Nigeria’s oil wealth, has the highest incidences of pipeline vandalism in the country. Deep feelings of anger, resentment and hopelessness run through communities as their demand for development and basic services from the proceeds of oil has never materialised.

The failure of the Nigerian state to provide basic public services and security in the Niger Delta has resulted in a significant breakdown of the social contract. In the void that remains, international and national oil companies are often seen as a Government proxy, spending millions of dollars in their operating locations through various formal and informal “CSR” and security instruments. However, these efforts are not perceived to have the communities’ interests at heart, preferring to secure a short-term license to operate as opposed to a long-term legacy in the region. In addition, the “quick-cash” approach by oil-companies in response to threats by vandals has created an implicit incentive to “crack pipes”, earn money and survive.

Oil companies frequently declare force majeure on oil shipments as a result of vandalism with significant quantities of oil shut-in whilst investigations and repairs take place. Safety and security concerns have led to several oil-service firms to pull out of the country and oil workers’ unions to threaten strikes over security issues. The measures that the previous government took to resolve pipeline vandalism have not worked and it is clear that new methods must be developed to tackle the issue.

Several approaches have been implemented to tackle pipeline vandalism with a mixture of success and failure:

• Government efforts: The militarization of key locations (particularly flow stations) in oil producing areas and surveillance contracts for ex-Niger Delta militants through the Nigerian National Petroleum Corporation (NNPC) and Nigeria Maritime Administration and Safety Agency (NIMASA).

• Oil company efforts: Implementation of CSR through Memorandum of Understanding frameworks and separate surveillance contracts with ex-militants and local community contractors.

• Community efforts: Sensitization of members, enforcement of community laws & penalties, vigilante groups and use of local deities and spells (“juju”) to scare and discourage vandalism.

Despite these efforts there is still no sustainable solution to the issue of oil & gas pipeline vandalism. Previous administrations, avoiding the complexities of the real political economy of the Niger Delta, have preferred a securitised approach to dealing with this issue. However, there is a perception that national oil companies (“NOC’s”) have been less affected. Over the last decade, NOC’s have become more common across Nigeria’s oil industry, working alongside, sub-contracting or entirely acquiring operations from International Oil Companies (IOC’s).

To understand why NOC’s maybe tackling this issue better, this research sought to:

• Better understand the relationships between international and national oil-companies and their host communities in the context of pipeline vandalism.

• Identify and review different community-based approaches that have been successful or partially successful to protect and safeguard pipelines.

• Provide policy recommendations towards holistic community based solutions to tackle pipeline vandalism.

4 There are over 5,000 km of pipelines across the Niger Delta linking 275 flow stations to various export facilities in the country. The network consists of 6,395 km of multi-product pipelines and 666 km of crude-oil pipelines, and connects 23 petroleum storage depots located strategically

5 There are 69 gas plants, 10 export terminals, 6 refineries and seven liquefied natural gas (LNG) projects constitute the assets and infrastructure employed in Nigeria’s oil industry.

6 https://www.mogasbeta/international/analysis/sr/vac/NGA

7 http://www.eia.gov/beta/international/analysis.cfm?iso=NGA
During our research we identified two major forms of pipeline vandalism separated by interests and motivations; whilst a few well-connected individuals tap pipelines to obtain or reinforce wealth, power and status, others vandalise to survive. Different individuals, groups and dynamics operate within these two spheres, particularly geographically where entrenched interests operate in hard-to-access Niger Delta creeks stealing oil on an international scale, whilst community based interests vandalise pipelines within easily accessible community boundaries.

This study focuses on the relationships and actions between Government, oil-companies and communities within the community based sphere. Unfortunately, we must be realistic and acknowledge that grand scale oil theft is big business with a concentrated and well-connected few earning hundreds of millions of dollars in revenues and profits every year; business, like Nigerian politics, that these syndicates are willing to protect at all costs. We cannot assume that a sole community based approach will holistically address the big business of oil-theft, however, our research has shown that community based efforts will play a significant role in tackling vandalism as an expression of grievance within communities, whilst acknowledging that a holistic framework is required to tackle both spheres of the issue.

The report begins by assessing the cause and effects of the issue to understand why people vandalise pipelines. Government, oil-company, community and State security relationships are reviewed followed by specific examples of methods used to tackle vandalism by national oil companies. The case is made for a relationship reset and identifies a framework to address the issue and support community based solutions to tackle vandalism.

The findings in this report are based on eight weeks of field research, undertaken between June and September 2015. A team of researchers performed 83 interviews within communities, oil companies, government and civil-society. To ensure the safety of those interviewed, this report does not ascribe any quotes to individuals. This is in keeping with SDN’s operational research policy that seeks to identify trends and solutions without risk to those involved in the research process, either as researchers or interviewees.
THE IMPACT OF PIPELINE VANDALISM

Pipeline vandalism cost the Nigerian Government, oil-companies and communities an estimated $14bn dollars in 2014. 

The only real winners appear to be “entrenched interests” vandalising pipelines in inaccessible riverine areas to steal oil. Insight into the international and domestic aspects of oil theft revealed the scale of the issue involving syndicates of well-connected individuals, hungry for recognition, political power and access to resource rents. These syndicates have efficiently orchestrated the theft of Nigerian oil (and laundering of the subsequent proceeds) on a massive scale, operating with impunity to reap huge rewards through tapping pipelines.

In these entrenched areas, “vandal barons” recruit vulnerable and impoverished community members (men, women and children) into artisanal refining camps to facilitate the refining of oil to diesel, kerosene and petrol to fill the substantial supply gap of refined petroleum product across Nigeria and beyond into neighbouring countries. In these areas, pipelines are left vulnerable to attacks as Government & oil-company responses can often take more than 24 hours to initiate a response, giving vandal’s time to operate without consequence. In some areas, tapping points can be tolerated for weeks or even months by oil companies in favour of keeping oil flows running. Unfortunately, both theft and pollution have a history of being treated as an unfortunate by-product rather than an existential threat to operations. This is an internal perception that must change.

ENVIRONMENT & HEALTH

Whilst the immediate impact of oil spills are understood in terms of damaging livelihoods, our research indicated that communities continue to have a poor understanding of the long term consequences of oil spills. One respondent stated: “Vandalism affects our river. There are no fish as a result of pollution from oil. The crude also affects the soil texture that you cannot plant cocoyam or harvest cassava successfully any longer”. Another respondent reinforced this understanding, “our people are predominantly farmers. Our soil used to be very rich. Unfortunately it is not today. Our water is polluted, fish are dying and the land is barren as a result of activities of oil companies and pipeline vandals.”

Worryingly, some respondents claimed not to care about the environment or the devastation caused by pipeline vandalism and illegal refining. One respondent commented: “nobody wants to look at the consequences of pipeline vandalism or what it can cause on the environment. Our thinking and understanding is beyond its negative impacts but the money we are making from it.”

Unfortunately, ignorance also plays a part with many people using vandalism as leverage to punish oil companies when they have been ignored. They are unable to weigh up that response against the long-term consequences of their action.

The need to survive and make money seems to have taken primacy over the impact on the environment and traditional livelihoods. Individuals encourage vandalism, leasing boats to transport stolen oil and providing land to illegal refiners without recourse from their communities. Illegally refined products, whilst cheap do not have the safeguards of regulated products making them dangerous to use in machinery. “Illegal kerosene killed a mother in our community while her son survived with severe burns. Since then, people do not go for the products even though they are cheaper. The products are dangerous.”

A reform agenda must communicate that vandalism and the resulting oil spills are a self-defeating option if communities are attempting to engage with oil companies (unless ignorance is a cynical play by clean up contractors).

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8 Government officials, oil company employees, state security employees, ex-militants, pipeline specialists, business men, national & international marketers and middle-men along the supply chain
9 Most accounts consistently suggested that 75% of stolen product is sold to international customers with the remainder refined locally in artisanal camps.
WHY VANDALISE?

The drivers of pipeline vandalism can be traced back through a long history of neglect of the region’s development. However, only since the introduction of the Amnesty Program has this issue reached an unmanageable scale. Between 2007 and 2014, the Government's National Oil Spill Detection & Response Agency (NOSDRA) has recorded 1,307 incidences of vandalism. The fragile peace stitched together by the Amnesty Program is being threatened due to the Program’s looming deadline (currently December 2015), the recent electoral shift in federal political power and oil prices settling to a medium term low-price profile.

Please see appendix 1 for additional satellite images.

![Figure 1: Niger Delta incidences of sabotage 2009-10](image1)

![Figure 2: Niger Delta incidences of sabotage 2009-14](image2)
Building Bridges: Community-Based Approaches to Tackle Pipeline Vandalism

State Security Collusion

Illegal Oil Refining

Wealth, Political Power, Status & Recognition

Returns From Investment In Tapping, Artisinal Refining And Distribution

International Demand For “Cheap” Crude Oil

Unemployment

Demand For Refined Fuel

Money

Anger and Attention

INACCESSIBLE PIPELINES

ACCESSIBLE PIPELINES
CORE DRIVERS

Our research identified that accessible pipelines are primarily vandalised as an expression of anger over the lack of development within communities and the attempt to gain the attention of Government and oil-companies to obtain surveillance and clean-up contracts.

There is an implicit incentive to vandalise pipelines, in return for clean-up contracts, resulting from a combination of significant unemployment within communities and remarkably effective patronage channels exploited by contracting interests, who derive the largest benefits from vandalism. “During clean-up, contractors mobilize the youth to site without delays… The youth benefit from clean-up after every spill.”

In the absence of alternative employment and action against vandal sponsors, this issue is likely to persist and therefore it is imperative to support efforts that address both drivers simultaneously. Once sponsors and avenues of sponsorship have been reduced, efforts could focus on supporting the employment of community environmental stewards, rewarding those who protect the environment as opposed to damage it.

In the absence of other choices, how can citizens lead a life of dignity in the midst of depravity? “Our friends that have gone to school, why are they still unemployed? I can crack pipe and earn money quickly”

CONTRACT CONTAGION

Another major driver highlighted in our research was the availability of ‘cheap money’ easily realised through the threat of or vandalism of pipelines. Surveillance and clean-up contracts are big business in the Niger Delta. Many communities are addicted to easy money with no enforcement or incentive to actually complete the contracted work. “As long as they (oil companies) are here there is money… why would I change my ways?” one respondent commented. Our investigation also identified instances of bribery, contract rotation and contract recycling within oil-companies.

Another interviewee said, “look, it is not easy for community contractors too. I had to give the head of department N2, 500,000 to get a big job. Interestingly, the same job has been given to two different companies before and paid for. Well it’s my turn to benefit.”

Without reform, the procurement approach of recycling non-delivered clean-up contracts will continue to reinforce environmental degradation and internal conflict within host and surrounding communities that rely on the land for subsistence.
MONEY FLOWS

There are four main sources of income available to communities from oil-companies:

- Community development projects through oil company CSR budgets
- Community development projects through Government sponsored institutions e.g. the Niger Delta Development Commission (NDDC)
- Clean-up contracts procured through oil-spill response departments
- Surveillance/security contracts through oil-company security budgets
- Surveillance/security contracts through Government security budgets

One of the key issues identified is that expenditure into the community occurs via several routes, not through one formalised structure, and is not transparent across the whole community. “Oil companies must formalise CSR expenditure”. In addition, delegating responsibilities of pipeline surveillance to external contractors outside of the community also causes issues. “Indigenous contractors also contributed to pipeline vandalism. They collected surveillance contract from oil companies but failed to pay the boys. When the boys complained to the oil companies they turned a deaf ear because they were dealing with contractors and not the boys”

Whilst it is important to acknowledge the need to use external contractors in oil-company operations, careful considerations must be taken to not neglect the ultimate beneficiary, the community. Oil-companies cannot contract themselves out of their fundamental responsibilities to communities. They must listen to all complaints so those who feel mistreated are listened to – they are ultimately responsible for the behaviour of all contractors they procure.

Informal approaches often exacerbate feelings of mistrust and suspicion that individuals are benefiting at the expense of the wider community. “A real issue is people’s incorrect assumptions that people have received more money than them”. Therefore steps must be taken to ensure processes that build a culture of trust and cooperation between a wide cross section of the community and oil-companies. It is also clear that in the operational governance of this relationship, careful steps must be taken to document and disseminate all contracting decisions and resulting money flows entering a community, this again to reduce rumours and perceptions that can quickly escalate into conflict.
FUEL DEMAND

Persistent shortages of refined fuel across Nigeria has created a significant market for illicit kerosene, diesel and petrol, refined locally in artisanal camps and used to fuel generators in the absence of power grid connections. Downstream production is controlled by powerful interests particularly those who profit from the Nigerian fuel subsidy and as a result the availability of low cost legal products has been constrained to maintain high prices and large subsidy claims. In addition, the heavily reduced capacity of Nigeria’s refineries reinforce this issue, forcing the Government to rely on imports to satisfy demand.

The Niger Delta’s energy needs will continue to rise as local economies and the population grow. Without major shifts in local energy supply patterns, the demand for illegally refined products will likely continue to rise; the region desperately needs an adequate and reliable distribution network for legal diesel, kerosene and petrol.
OPPORTUNITIES TO INTERVENE

The core drivers identified highlight potential areas of intervention to reduce the anger and demand for attention within communities. Creating employment away from “easy-cash” oil related contracting, providing a regular supply of legitimate refined products and extending the electricity grid across the Niger Delta will be positive steps to reduce community dependence on oil-companies. However, as stated previously, without reducing the means to access patronage networks that sponsor and encourage vandalism, this practice will likely continue. The addiction to “easy money” must not be underestimated. Money gives communities the means to achieve their own goals, a choice that only a fraction of the population have in current conditions. It is therefore crucial to understand the extent of dependence and access to patronage networks, ensuring that policy recommendations that reduce income flows are offset by alternative opportunities to replace lost income with new sources of “dignified independent income”.

To understand and appreciate how the current situation is reinforced it is important to review the relationships between Government, oil-companies and communities to identify crucial points to target interventions. The next section explores the relationships and other additional factors that contribute to pipeline vandalism.
Drivers and Motivation

Who

Why Vandalise?

Key Quotes

How

An expression of anger over the historic marginalization of communities by government and oil companies who feel that their oil has been unfairly taken away, while they are left to suffer in poverty. This anger motivates a determination to inflict losses on the oil companies and government.

Communities angry that they live in conditions of neglect, poverty and unemployment, despite providing the majority of Nigeria's wealth, vandalise pipelines to secure employment opportunities through clean-up contracts provided by oil companies and surveillance contracts provided by oil companies & Government. Government has been historically absent in their role as a basic service-provider in Communities and consequently communities have turned to oil companies to provide their development needs.

“Resources belong to us, why are they enjoying it far away? Vandalism takes place here as a result of a group of people thinking on how to hurt them for their act to the host community.”

“Unemployment pushes the youth to participate in pipeline vandalism. Most of the graduates are not employed in the oil companies or elsewhere. Despite the fact that there are oil companies operating in our community, only an insignificant number of our people are working in these companies.”

“We have to feed our people. We are left without education, training and opportunities. When we vandalise and the oil companies want to clamp it, they employ community youth to clean-up. That is the only way they get money from the oil companies.”

“As long as official supply is not extended to our people in the creeks, pipelines will be vandalised to refine crude oil. They also need kerosene and petrol to do their business and cook at home. If the government does not find a way out for them then they will help themselves.”

To obtain clean-up & surveillance contracts and access “cheap/easy money” to feed patronage networks

To supply oil and refined products to local and international markets.

There is an implicit incentive to vandalise pipelines in return for clean-up contracts due to the combination of unemployment and an effective patronage channel that has proven remarkably successful for vandals in the Niger Delta. The incentives to exploit are reinforced by patronage and contracting interests who derive the largest benefits from vandalism.

The high demand for fuel and provision through artisanal refining provides employment opportunities to communities that permit tapping on their land. Community members (men, women & children) provide labour to these camps in return for a monthly wage whilst vandal barons (often ex-militants) derive large benefits from owning artisanal refining operations.

To gain employment employment from artisanal refining labour opportunities or clean-up and/or surveillance contracts

Communities (community leadership & community members, ex-militants)

Unemployment is rife in communities, particularly rural communities and the employment opportunities made available by vandalising pipelines are difficult to turn down, in the absence of other alternative forms of livelihoods.

Communities (community members)

Community Clean-up Contractors, Community Pipeline Surveillance Contractors, Community Leadership, Oil-company (CSR & Security)

Community (community leadership & community members, ex-militants)

Communities (community members)

Ex-militants, local business men, fuel distributors, community labour

Money

Psychological

Unemployment
Drivers and Motivation

Who

Government Officials, Oil company Employees, State Security Employees, Ex-militants, Business-men/women, National & International Marketers and Middle-men

Key Quotes

“Bunkering and pipeline vandalism are not poor men business. When you go in-depth, you will see that some prominent persons are behind it. The instrument they use for bunkering and vandalism is not what the ordinary man can afford. The key players are somewhere while those boys we see around are just labourers.”

Why Vandalise?

To satisfy their needs for wealth, recognition, political power through access to commodities

Syndicates of well-connected individuals arrange access to "tap" pipelines. Often the tapping is performed by industry pipeline specialists who have the skillset to secure a clamp to the pipe safely without causing a fire hazard. Approximately 75% of stolen crude is sold and laundered through international markets with the remaining 25% transported to local artisanal refining camps where it is informally processed into refined products to satisfy the high demand for refined products in local, regional, National and International markets.

How

Syndicates are an investment route to achieve large financial returns through the theft, transportation and sale of stolen oil. Returns are often used to support political and closed economic patronage networks reinforcing the paronage economy of Nigeria.

Psychological

To obtain returns on their investment either for personal accumulation or feeding patronage networks to fund or access political power or favourable business arrangements

Indirect participation by generating international demand for cheap (stolen) crude oil, often on part-cash/part-arms settlements from traders in conflicted countries.

Returns From Investment In Tapping, Artisinal Refining And Distribution

National & International Marketers And Middle-men/women, Arms Dealers

“Ordinary persons cannot afford the equipment and the technicality involved. There are some key players behind the scene. The bunkering boats are owned by prominent persons. They only employ and pay the poor boys to carry out vandalism. No wonder when they are arrested, within a short time, they are released.”

High prices of legitimately refined products due to local product scarcity and porous borders along the Gulf of Guinea through which illegal vessels carry stolen crude oil and illegally refined products (especially diesel). In addition, the high demand for fuel and provision through artisanal refining provides employment opportunities to communities that permit tapping on their land. There are few opportunities in communities for formal and self employment and therefore community members (men, women & children) provide labour to these camps in return for a monthly wage.

State Security Collusion

“Bunkering and pipeline vandalism are not poor men business. When you go in-depth, you will see that some prominent persons are behind it. The instrument they use for bunkering and vandalism is not what the ordinary man can afford. The key players are somewhere while those boys we see around are just labourers.”

Compromised security personnel (particularly the Joint Task Force (JTF)), allowing individuals’ access to tapping points and illegal refineries in return for huge fees. Part of this support includes providing information and directions to navigate without hindrance as well as providing escort services through water-ways.

Commodity

“Ordinary persons cannot afford the equipment and the technicality involved. There are some key players behind the scene. The bunkering boats are owned by prominent persons. They only employ and pay the poor boys to carry out vandalism. No wonder when they are arrested, within a short time, they are released.”

“We don’t break the pipelines without a cause. We engage in pipeline vandalism when we have financial constraints because we are sure of making money from the sales of crude oil to waiting vessels or illegal refineries.”

Large financial incentives supplementing low salaried income

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Money

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International Demand For "Cheap" Crude Oil

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Collusion

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RELATIONSHIPS: PROMISES, EXPECTATIONS & PERCEPTIONS

The relationships between oil-companies, communities and government have been broken for decades. Some say there was never a relationship at all. Oil companies have operated in the Niger Delta since first discovering oil in 1956. As community relationships have developed over time, relations have become more complicated and distorted as a result of the growing oil industry and the resulting proximity and engagement between oil-companies and communities.

Our research highlighted that the interface between community and company is delicate with an unfortunate history of malpractice, greed and violence, creating expectations and perceptions (often misperceptions) of each other without a real understanding of each other’s needs, wants and expectations. When communities feel aggrieved and demand oil-company attention, pipeline vandalism is often the quickest route to achieving their needs as the response from oil-companies come in the form of short-term employment through pipeline clean-up & surveillance contracts.

To understand the relationships we need to explore the actions at the interface. The interaction between community leadership structures, community development committees (CDC’s) and CSR departments within oil-companies in particular must be considered. This research found that the availability of pipeline related contracts and willingness to engage with preferred individuals, groups & contractors (often as a response to a threat) has continually increased the demands and expectations within communities that their oil-company “partners” are unable to satisfy. This is reinforced by oil-companies making un-met promises, raising expectations to fever pitch, which often lead to difficult conversations, disputes and violence.

OIL COMPANIES & GOVERNMENT

Structurally, the majority of onshore contractual relationships between IOC’s and Government take the form of unincorporated Joint Venture (JV) agreements of which Government holds the majority share. In theory JV partners specified in the agreement must approve every major budgetary decision. When a funding decision is made, each party is obliged to provide their share of the costs to allow the decision to be implemented. This could be technical investment or social investment in the case of CSR. However, in reality disputes between JV parties are frequent, with claims that partners have not satisfied their obligations, leading to debts, un-funded obligations and stalled projects often causing frosty relations between JV partners.

A solution commonly cited is to incorporate joint ventures to support an approach of transparency and accountability over Government-oil company operations. In this situation each incorporated entity will possess its own management board and structure. Day to day operational decisions will be made by a representative Board of Directors with funds held in joint signatory bank accounts to ensure proper governance, oversight and audit trail over decisions made and funds utilised. A key requirement as an incorporated entity is an annual audit to objectively review JV operations, engendering trust between JV partners. It is therefore important to support efforts that advocate the incorporation of Joint Venture arrangements.
GOVERNMENT AND COMMUNITIES - WHERE IS GOVERNMENT?

“We have not been blessed with good leaders…”

Government at all tiers has been historically absent from community development. Their fundamental role as a basic service provider has been filled by oil-companies and consequently the social contract is blurred and triangulated across industry and Government institutions. Roles, responsibilities and obligations are not clearly defined.

It is fundamental that Government regain the respect of citizens and communities by supporting and facilitating their socio-economic development. There have been many false promises around development, often around election time, but without follow through. The need for local accountable politics has never been so great.

One respondent stated: “the government from local, state to federal has failed in their responsibility. They are not taking good care of the source that is why the idle boys vandalize pipeline as alternative means of surviving. There is need to go back to the drawing board. The failure of government has strengthened the base of pipeline vandals”

Our research identified two forms of vandalism separated by interests and motivations. Physically these spheres represent pipelines that are either accessible or inaccessible. In general community based efforts to tackle vandalism tend to be more effective in communities where pipelines are accessible. Therefore this leads to a potential solution- make all pipelines accessible. Building roads near pipelines will serve multiple interests. Pipelines will become easier to monitor and secure by oil-companies and state security; transportation costs will reduce across the region supporting the development of local economies; and refined product from legitimate sources will be able to reach areas where illegal refining camps currently thrive.

Asking to comment on these points, a respondent stated: “the terrain is not difficult. When they laid pipes across the country, it cost many billions of dollars but building surface tanks, bridges and road networks to the creeks and coastal communities is a problem. How much would it cost to develop those communities?”

With regard fuel supply, a respondent said that “Government has to build bridges and roads so that people can build filling stations where the locally refined petrol is available. If they fail to build roads to these places where the process of supplying finished products is difficult, definitely government is encouraging vandalism and illegally refined products."

Respondents also highlighted the need to establish a formal tri-partite relationship between communities, oil-companies and Government; a means of dialogue to identify priority needs in terms of the provision of basic services and support to communities both in terms of infrastructure and empowerment. “Government and oil companies must come together to see how those communities can be developed.”

If expectations within NOC communities are low, Government development intervention expectations are even lower. There is a significant opportunity to reset this relationship and demonstrate that socio-economic development of the region is a serious priority for the Government.
INTERNATIONAL OIL COMPANIES AND COMMUNITIES

Our investigation confirmed that IOC pipelines have more incidences of vandalism than their NOC counterparts. This is due in part because IOC’s still own the majority of pipeline infrastructure, but also due to historically high community expectations as a result of enormous budget allocations and the availability of formal and informal channels of “easy-money” into host communities for CSR related activities, clean up and surveillance contracts.

On an ideological level, an oil company, “whilst recognising the obligation to shareholders, is also a social institution with social power that must be used responsibly to promote equity in their fiduciary relationships with host communities”. Unfortunately, the inherent need and pressure to secure a short-term licence to operate within communities often overwhelms the need to create a long term community partnership and legacy. Oil companies are businesses, communities are people. Their strategic priorities are often polar opposites.

In Nigeria, the reality is that in the absence of Government developing the region, communities have turned to local oil operators to support their empowerment and development. This at first worked well, with few low-cost projects satisfying community needs. However, over time expectations increased as money came “easy” to individuals within communities. When projects were implemented, contracts were often awarded to contractors linked to local power and patronage structures who did not have the capacity to deliver, preferring to take the money for themselves. There is often an implicit assumption and perception within communities that those involved at the oil-company community interface “must be chopping”. One respondent notes: “Chiefs and Paramount Rulers were often questioned by the community, sometimes violently.”

Community leadership quickly realised the opportunity of threatening operations in exchange for “development projects”. They began to acknowledge and take advantage of growing fears within oil companies of the increasing power certain individuals held over operations. As the wider community realised this power, the threat to vandalise became an avenue to obtain contracts and short term employment in the midst of unemployment and lack of access to oil proceeds.

Enormous sums of money were given to those in return for reduced pipeline interruption, some of whom were young enough to be at school. “What do you expect if you give a 16 year old N5,000,000… of course he goes crazy” one respondent stated, commenting on a recent death of a young man within his community who purchased a vehicle with his contract money and then crashed and drowned off a jetty.

FORMALISING RELATIONSHIPS

Oil-company efforts to formalise the relationship with communities evolved over time to the current approach of agreeing Memorandums of Understanding (MoU). MoU’s instigated by oil-companies are formal written documents that specify the roles, responsibilities and obligations that define the relationship between oil companies and communities. They are agreed between the communities and company and were certainly a welcome step to a more formalised and central approach to implement development projects within communities when they were introduced.

However, on a practical level, this approach still has complications. When there is a need to explore, produce, sell oil and earn profit in a high expectation environment, longer term empowerment needs of communities often come second as paying out sums is a far quicker route to maintaining peaceful operations in the short term. However, with quick and easy money comes rising expectations and demands, certainly not a long term solution.

A respondent from Shell Petroleum Development Company (SPDC, the Nigerian operating subsidiary of Shell) host community commented on the Shell approach to community engagement, the Global Memorandum of Understanding (GMoU). “In the GMoU there are list of projects agreed by Shell to be executed in the community. One of the major projects is electricity. Shell and the community agreed that as long as their facility has power the community should also have. They have failed to ensure that and that is the genesis of the problem. There is power at the facility but not in the community. All the problems associated with the GMoU started with the electricity issue. For about 4 years now, we do not have power, The GMoU is not working.”

The operational sources of the issue still occur at the interface with oil-companies often dealing with community “big men”. One oil-company executive commented that issues began when oil-companies devolved responsibilities of development to community leaders and Community Development Committees. “The Chief would request that rather than a town hall meeting, we should meet him on his own. When better representation was demanded, the Chief brought 10-12 people as representatives. Were these people really acting in the best interests of the community?”

Chiefs, Paramount Leaders, Youth & Cult leaders and their associates have used their power and seats on community development initiatives to their own personal advantage, creating divisions, wealth inequality and distorted power structures within communities. However, oil-companies, rather than intervening on a moral basis, saw this as an opportunity to create factions in the community. A community on a united front would pose a bigger risk than a fragmented community fraught with in-fighting. For the individuals and groups outside of community power structures the perception is that oil-companies encourage cozy relationships with their leadership structures, only involving the whole community in situations when production is severely threatened.

An interviewee commented “it is only when there is strike or demonstration that they involve the rest of the community, particularly the youth. This approach always has negative impacts on the community-company relations.” Another stated that “oil companies understand community politics, they have been doing this for a long time. When I was younger, oil-company officials used to drive down to this community to discuss issues with our parents but now that I am in my twenties, I can see that there is another thing going on. They are using us against each other.”

A particular example of this occurred in Rumuekpe in Rivers State in one of the worst examples of what can go wrong in a region abundant in natural resources where the basic rights of communities are not respected by multinationals and Government. Rumuekpe experiences the same issues as many other communities in the Niger Delta, however, in this particular set of events, they came together with greater force, resulting in an abnormally violent conflict over resources that eventually tore the community apart. Please appendix 2 for extracts of our recently published brief exploring the drivers of this resource driven conflict.

In relation to pipeline vandalism, one interviewee stated that “pipeline vandalism cannot stop, it will continue unless the oil companies realize themselves and do the right thing. The divide and rule tactics that they use between communities will not create an enabling environment for their operation.”

Another respondent commented, “the only thing that can solve this matter is for them to come to our community in order to understand what we are passing through and the cause of this vandalism”. Unfortunately, there are those who have not set the best example and encourage others to vandalise. “Sometimes, they are motivated by some elderly people to vandalise pipelines to make money. They make money from it and also join the team that will take the contract to clean it up”.

There have been different informal approaches to tackle the issue of pipeline vandalism, a particular example being bargaining with vandals. Respondents who had sold illegal oil and refined products in Rivers and Bayelsa States said “when pushed to the wall, oil companies will strike deals with vandals and oil thieves (mostly ex-militants) to reduce the number of tapping points so the companies will not record too much loss in oil going to the export terminals.”

Interviewees also cited an example in Rivers State where an IOC reached a deal with some ex-militants to cut down the number of tapping points. The ex-militants agreed. They said “the same approach was used across the region but did not prevent new persons from creating new tapping points.”
A media report\(^{15}\) revealed that despite the payments made in 2011 and 2014 by the NNPC to ex-Niger Delta militants for pipeline surveillance, surveillance contracts were not effective. Individual ex-militants secured surveillance jobs from the Nigerian Maritime Administration and Safety Agency (NIMASA) and IOCs. Major beneficiaries were infamous ex-militant commanders, now turned business-men, across the Niger Delta. Respondents said “despite the engagement of the ex-militants vandalism did not reduce. Some of them used the cover of the surveillance job to steal, refine and sell crude oil.”

Respondents indicated the need to continue to formalise and professionalise the interface between oil-companies and communities as a crucial step trying to develop a long term partnership in a high expectation environment. Despite current MoU’s in operation, there is still a need to clarify and understand each other’s role, responsibilities and obligations to each other. IOC’s must enforce this approach on a moral basis as a recognised social institution and maintain integrity over a transparent and accountable interface that acknowledges the development needs of communities as a whole.

Community development governance committees must be selected based on competence whilst oil-company representatives must be properly trained to deal with difficult mediations required in a high-expectation environment. Careful and scrutinising governance must be properly facilitated to ensure funds marked for development projects satisfy the collective interests and needs of the whole community and not just individual interests.

**NATIONAL OIL COMPANIES & COMMUNITIES**

National oil companies have operated in Nigeria over the last decade as Government have supported an indigenous drive away from multinational operations, enacted into law as the Nigerian Oil and Gas Industry Content Development Act 2010. This seems a positive step to support local firms that spend money in the local, regional and national economy and encouraging linkages into an otherwise fragmented economy.

There is a perception that NOC’s suffer reduced vandalism, as they understand the local context better whilst proactively engaging with communities. This research investigates the assertion that NOC’s secure a better operating environment for oil production leading to reduced incidences of pipeline vandalism.

It is perhaps too early to determine the legacy of NOC’s in communities; however, the research indicated that in general NOCs have achieved greater security over their pipelines. Part of the reason may be due to a need to protect fewer pipelines portfolios compared to IOC’s but more importantly respondents noted that there are much lower expectations within NOC host communities compared to their IOC counterparts. When an NOC becomes the interface between oil-company and community “expectations crash in community as they just don’t have the same money available”. Smaller CSR and security budgets mean that vandalism does not yield the results they used too.

This presents an opportunity to intervene. When expectations are low an oil-company can review and reset community relationships to ensure transparent, accountable and long term community engagement approaches are enforced and maintained. However, with more NOC’s acquiring IOC operations respondents also noted that some NOC’s, despite understanding previous issues, appear to be still engaging communities using the same ad-hoc and informal approaches. A respondent in the oil-sector commented that there are “indications that they are paying off individuals in the same way IOC’s used too… they are not learning our lessons”.

\(^{15}\) [http://www.wsj.com/articles/SB10001424052702304019404577420160886588518]
COLLUSION & IMPUNITY

In every community visited, collusion and impunity of state security, particularly the Joint Task Force (JTF) was mentioned as a fundamental issue why pipeline vandalism continues without punishment. One respondent said that the JTF and pipeline vandals are working hand in hand. They encourage the boys to strike because they are making their money from it. They have the boys’ phone numbers and feed them with useful information. Even when their commander is transferred, they leave the phone numbers of the boys in their file for the new commander."

Salaries of state security field employees are low which has encouraged “moonlight” activities to secure extra income. An interviewee stated that "military personnel were soon co-opted into the business. The lure became irresistible as bribes received in one month could exceed their salaries for six months put together. Suddenly there was a scramble for deployment to the Niger Delta. Top ranking military officers and politicians facilitated the deployment of some soldiers and officers to oversee their investments in the illegal oil business."

A particular example occurred in June 2013 in Bodo Community, Rivers State. A large explosion resulted in one of the largest oil-spills in the Niger Delta that year. State security refused entry to the Joint Investigation Visit (JIV) team who were there to document oil spill damage and impact. Instead, security operatives harassed and arrested JIV team. It was reported that the clean-up contractors operated the clean-up by day and bunkered oil by night in collusion with local state security forces who controlled the only access route to site. A spark caused the explosion seriously injuring two of the contractors who refused to be taken to hospital, going into hiding and facilitating the services of a local witch doctor due to fear of reprisals from their bunkering sponsors and oil-company contractors.

The business of oil-theft is life or death and dictated by powerful and influential persons seeking personal profit from the vandalism and theft of oil. A respondent commented that "the problem we are facing is top – down. That is why paid security officers will be there and yet we complain of vandalism. It is just a call: ‘my boys are coming, clear the area for them’. The order is immediately carried out without hesitation. Security agents are always there but they are instructed to pave the way whenever they want to lift crude oil to ensure uninterrupted trips."

Those who want to see change within state security forces have not been encouraged by the previous Administration’s lack of desire to hold those responsible accountable. A local security officer stated that "because of the involvement of influential people, security personnel are unable to apprehend pipeline vandals. If at all they are apprehended, they regain freedom in less than a week only to go back to the act."

A solution must therefore address state security collusion to support activities of oil-theft barons and clean-up contracting cartels. It is interesting to note that since the change in Government administration, those within state security forces have noticed a change in behaviour amongst some of their colleagues. Previous practices have been partially suspended for fear of punishment, indicating that a culture of enforcement from the top is a solution to address the issue of collusion. The Government must remove the support of state security from oil theft operations and expose oil-theft operational weaknesses as a consequence. As stated previously the scope of this report focusses on accessible pipelines and therefore there is a need to undertake further research into entrenched areas to understand the core drivers and support the development of a holistic framework that tackles both spheres of motivation.

In the next section, specific examples of community-based approaches employed by NOC’s are identified and reviewed to identify the primary components of a community-based framework to tackle pipeline vandalism.

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The focus of this report is to review the relationships between oil companies and communities, particularly National Oil Companies. We have previously identified that NOC’s operate in different expectation conditions to IOC’s, providing an opportunity to encourage community-based solutions to tackle pipeline vandalism. The following sections identify four examples of NOC-community relations, focussing on the approaches that have been successful in securing stable operations, positive community development and reduced pipeline vandalism.

COMMUNITY DEVELOPMENT FOUNDATIONS: FRONTIER OIL & PRO NATURA INTERNATIONAL

Frontier Oil and Pro Natura International partnered to support the creation of Community Develop Foundations (CDF’s) as a CSR interface between host communities and the oil-company in Akwa-Ibom State in the Niger Delta. The approach was based on the success of the “Akassa Model” introduced by PNI in their partnership with Statoil. This approach was designed to achieve and support a transparent and accountable relationship between an oil-company and their host community. The Akassa model was a local approach to community institution building, encouraging community wide oversight to the governance of community related funds.

CDF’s are formally registered not-for-profits organisations, incorporated under Part 3 of the Corporate Affairs Commission (equivalent to an NGO or charity registration) and are therefore required to be independently audited in accordance with Nigerian audit standards. The representation of the Board of Trustees and committees is carefully constructed and facilitated by an independent local and trusted NGO (in this case PNI) to objectively review governance structures against international best practice. Once the governance structure is put in place, the CDF operates much like a community based NGO, accepting funds from the oil-company which are spent on community development projects agreed and approved by the CDF governance board, in line with a long term development plan based on community needs.

According to our research, Frontier Oil began discussions with the host communities 2-3 years before production started, giving them time to discuss and negotiate a Memorandum of Understanding to formally identify their relationship with each other. “They did not want to make the same mistakes. Management drove this approach” a respondent commented. The final consideration was agreed at a fixed N50,000,000 every year for community projects.

PNI, acting as a facilitator and mediator between community and company, where engaged by Frontier Oil for 5 years, overseeing the incorporation and capacity building of the CDF’s. The aim after 5 years was for the CDF’s to become self-sustained and able to raise additional income to support continued development within their communities. The CDF’s employed and engaged their own staff and project contractors. The community is therefore at the centre of its own development.
OPERATIONAL INTERFACE: EXPERIENCES, CHALLENGES AND LESSONS LEARNT

CDF board of trustees are powerful positions in the community, controlling a large amount of funds and therefore the need for a careful selection process was very important. During the selection process respondents noted that there were demands that certain individuals should be trustees, often without reason or merit. These “lobbyists” were often linked to the existing power structures in the community and therefore careful oversight had to be taken to ensure the trustees were the right people for the role and had the necessary experience to overcome these pressures to act in the best interests of the community. In addition, once projects became available to tender, certain interests once again applied pressure to push for their favoured contractors to win the bidding process.

At the interface, the role of PNI as the local and trusted NGO was crucial to ensure balance was achieved at every stage whilst providing independent counsel to those members of CDF Boards who were under intense pressure from lobbyists to better inform their final decisions. The position of the NGO is a delicate balance, as they must retain their independence and objectivity. This can be difficult as they are funded by the oil-company to implement the program. In these situations, people react to perceptions rather than taking steps to discover facts and truth and therefore it is crucial to ensure that audit trails are made publically available identifying decisions made (with justifications) to build trust in the institutions that are being developed.

In terms of operational governance, identifying appropriate signatories of bank accounts was critical to ensure funds got to their intended destinations. A policy of 3 signatures was required to approve every major transaction and decision from five available signatories, one from the CDF Secretariat, two from Frontier Oil and two from PNI.

Our respondents identified a challenge in deciding key community priorities. The process had to be inclusive, participative and binding across the community. A community-centred, needs-based approach was used, bringing the community together to decide short and long term priorities across the 5-year period. This process was facilitated by PNI to ensure realistic and achievable goals and projects were identified in the time and resources available. However, competing interests often disputed each other’s ideas and therefore PNI was required to mediate these disputes in the attempt to achieve community consensus.

COMMUNITY DEPENDENCE

Our respondents identified a key issue from this approach. The community assumed that oil-company funding would go on forever, creating a situation of dependence. The community expected that every year in perpetuity the oil company would pay them a fixed amount not linked to success of the company. This is a key point for oil-companies to make explicit with communities as this approach fundamentally sets community expectations (timeframe and budget). Sustainability is not a community priority if they assume funding will continue in perpetuity.

The fixed annual budget from Frontier Oil did not give the community incentives to strive towards sustainability and did not link company success with community development, a fundamental tenet of the partnership. In this situation, vandalism does not affect community development income and consequently motivations to vandalise remain.

A focus group discussion between respondents stated that the “company’s success must also be the communities’ success”. Community and company interests must be aligned with incentives in place to maintain their alignment. Discussing this option, our focus group commented that “the community would take care of their own who vandalise if money flows were tied to success of the company”. Oil company funds flowing into a community must be proportional to profits made so that community leaderships are incentivised to curtail negative behaviours and maximise community income.
SUSTAINABILITY IN THE ABSENCE OF INCENTIVES

The project tried to facilitate sustainability objectives by encouraging the CDF to support the development of local entrepreneurship. However, in the absence of a linked economy and effective transportation system to keep business costs down, there was a struggle to grow income generating projects. The high barrier of entry to develop local entrepreneurship and business growth makes the self-sustained objective of the CDF difficult to achieve.

One of the solutions identified was a need to facilitate networking; encouraging private & public investors, companies & NGO’s to support CDF’s to identify business opportunities, identifying supply and demand gaps, and also supporting a culture of learning to better understand how profits are generated, saved and invested. The Niger Delta financial culture is often said to be a “spending culture”, not of saving and investment and therefore there is a need to sensitise communities to the benefits of investing in local business to support local services and employment.

Government should therefore also support CDF’s and the private sector to become self-sustained community based organisations and supporting the creation of local enterprise and jobs. If communities were given alternative employment options away from vandalism, incidences would likely reduce.

GOVERNMENT PARTNERSHIPS

Another issue identified was the lack of interest and support by local government. Respondents stated that Local Government Area Chairman (LGA) “were always seeing the CDF as a threat. They wanted to take all the glory and not share any successes with the CDF. Those politicians like their own flashy projects”.

One respondent commented that “they don’t want to share success, but they are happy to share money”.

It is important to acknowledge the existence and function of the LGA, and invite them to be partners in community development leveraging their networks to ensure successful community based projects. However, in the historic absence of local government, this would be new territory and so a top down approach from Federal and State Governments must drive this, perhaps aligned with a national pipeline vandalism intervention strategy to ensure (or instruct) buy-in to the process. This approach may get LGA Chairman talking with communities, a first step to involvement and discussing opportunities to share successes. The role of the NGO is important to sensitise local government on the mutual benefits of partnering with a CDF. Everything must be done to ensure Government is given the opportunity to engage with communities, so that the Government can be seen to fill their proper role in the Nigerian State.

COMMUNITY DEVELOPMENT FOUNDATIONS VS. OIL THEFT

In the context of entrenched areas, respondents were not convinced that the CDF approach would be successful. Outside of community boundaries and into the creeks, individuals and armed groups control stretches of pipeline to facilitate access points for tapping (oil-theft) and to procure surveillance and clean-up contracts from oil-companies. When asked about formal employment away from illegal activities, one respondent said, “going to school is a waste of time… our friends have gone to school, why are they still unemployed? I can crack pipe and earn money quickly. As long as oil-companies are here, there is money. Why would we change our ways?”

This reiterates the need to develop a holistic framework that tackles both forms of vandalism. This approach begins to establish certain areas that may improve oil-company – community relationships; however, the incentives required to make creek vandals desist of their actions will need to be persuasive.

In summary, the Akassa approach appears to be a successful approach to engage with communities where pipelines are accessible with efforts to support a transparent and accountable process linked to reduced incidences of vandalism. However, operational governance issues remain as a consequence of placing development in the hands local community institutions (CDF’s) and therefore careful financial and governance oversight by auditors and an NGO is critical to build the trust between the community and company. Efforts to support community institution building must be encouraged, to support a culture of “our success is your success”. This approach, if linked to company success will lay strong foundations to a community-company-government partnership initiative and likely reduce the incidences and need for pipeline vandalism within communities.
EQUITY SHARING RELATIONSHIPS - INDORAMA ELEME PETROCHEMICALS

Equity sharing relationships are relationships that are based on success as they are derived from dividends available for distribution from profits after tax. In this situation, we would expect community and company interests to be aligned.

The Indorama Eleme Petrochemical Company operates an equity sharing model with a cluster of six communities in Eleme, Port Harcourt. In terms of pipeline vandalism, it was noted that the company had not had any recently recorded incidences of vandalism, although part of the reason appeared to be that the piped products (pharmaceutical raw materials to produce fertiliser amongst other products) do not hold commercial value on the black market compared to crude petroleum products.

The company claims to make an annual dividend of N4bn per annum over the six communities with an annual MoU budget allocation of N100m for sustainable community development projects. A fixed budget allocation with top-ups from dividends moves closer to a success-based model, however, there still remains a large amount that community expects every year as fixed income, creating financial dependence.

In this approach the company recognises the six communities as equity stakeholders in their operation, providing 7.5% equity share in operations. Equity share allocations were made in proportion to land made available for company production. Respondents commented that in line with local cultural norms, payments were made to male representatives of families, highlighting the reality of gender inequality in decision-making at the community level.

Interviewees identified that the value of the shares received by each community was paid up in part by land and in part by future dividends, offset until the full value of the available share capital had been paid up. The company began operations in 2004, however, there were no dividend payments for the first 3 years, which respondents understood to take into account the payment of shares in lieu of an upfront cash consideration.

Respondents revealed that despite an innovative model, tying the long-term success of the company to community payments, there still remain issues around operational governance when payments were made to the community and distributed. A respondent stated that “mismanagement and squandering of resources by recipients” has been a real issue.

A positive operational insight was the use of a joint bank account to receive company dividend payments. The bank account signatories were representatives of each of the four communities within the cluster, which was noted to promote community cooperation ensuring all payments were agreed upon before distribution.
LAND AS EQUITY CONSIDERATION

If communities are to protect public property, then they must have respect and ownership over that property in the first place. Public property sits land entrusted to the State Governor but with certificates of occupancy held by individuals, families, companies and communities which hold value when exchanged. The complexities within Nigeria land ownership result in arbitrary assessments of land values and consequent compensation paid to land occupiers. Without a uniform approach linked to a public cadastre, companies often are the more dominant party in land acquisition negotiations, with communities often unable to determine the proper and enforceable value of land.

In some situations State Government could issue multiple Certificates of Occupancy over the same parcel of land with no consideration paid to communities. One interviewee stated: “failure to pay compensation to land owners is a major factor. Compensation is not paid to land owners for land acquisition by the oil companies. This prompts aggrieved people to embark on vandalism. When you are eating in a place and you do not take good care of the people feeding you what else are you expecting from them.”

Taking these comments further, respondents in a focus group discussion believed that an equity sharing model based on land acquisition value would be appropriate but must be tied to a consistent and equitable model of land compensation linked to a public land registry, currently not present in Nigeria.

OPERATIONAL ISSUES

Despite the intentions of a long-term approach linking community payments to the success of the company, operational management still lacked capacity to mediate and agree how to best utilise funds. A respondent commented that "communities are financially illiterate; they need to understand finance 101 to understand the benefits of saving and investing and also must demonstrate that they can handle that money. We have a spending culture in the Niger Delta. They key question we have to ask ourselves is, in your hand do you see a seed or a fruit?" Regarding the issue of unemployment in the area a respondent commented, "you cannot solve the employment issue if you always just share money".

The focus group identified a need for a cultural change in the Niger Delta around the distribution and use of money. If those employed can only earn money through short term contracting whilst spending through patronage channels, nothing will change. It is important to move away from this approach, creating opportunities for long-term employment that achieves stable and regular income. In this situation, citizens could be sensitised and feel the long term benefits from saving and investing to achieve individual and collective goals.

One respondent who was involved in vandalism commented, “I tell you frankly as an insider that the only thing that can stop pipeline vandalism is for the boys to be gainfully employed. Even if you give them N2 million each, they will go back. But if they are gainfully employed they will not vandalise the pipes.” Another respondent reinforced this point that “in order to put an end to pipeline vandalism, there is need to give those boys genuine and permanent employment. Not to place them under any contract but permanent employment.”

Economic empowerment, long term stable employment and alternative choices away from oil-related contracting is much needed in the Niger Delta. A first step to reduce the dependence on oil-companies and existing patronage channels, is allowing citizens to make their own choices and demand more from their leaders to provide them with the basic services and infrastructure required to sustain independent sources of income. Perhaps once this is provided, real leadership can be voted upon.

The Indorama model is certainly an interesting approach, highlighting a success in terms of giving landowner families a stake in operations and drive ownership over a company who needs their land to operate. However, this is not enough. Again the operational governance (as discussed in CDF’s) is crucial to get right and reinforce by trusted local third parties e.g. NGO’s or businesses who can offer credible partnerships and economic development opportunities for companies. A combination of the two approaches would certainly be welcomed and perhaps a step in the right direction in recommending a practical community based solution to the issue of pipeline vandalism.
Niger Delta Petroleum Resources (NDPR), the local operating contractor to SPDC in parts of Rivers State, drills and sells directly to SPDC. In one community visited, all respondents strongly agreed that pipelines belonging to NDPR are less vandalised compared to those owned by foreign oil companies. But what is NDPR doing differently?

Respondents acknowledged that NDPR recognises individuals and families hosting its facilities and maintains regular contact with them whilst providing employment and scholarship opportunities to members of host families. The company appears to pay its staff more than IOCs as an incentive and to promote a culture of ownership over company internal values and processes. Although details were difficult to ascertain, NDPR apparently utilises an equity share approach in communities. Respondents stated that a percentage of every barrel of oil produced goes back to a community trust fund to support development. The funds are paid into a community bank account, however, the full operational structure of the community development approach could not be properly determined from our research.

The MoU NDPR signed is made up of the eight villages that make up the host cluster ensuring that each village is represented and included in the decision making process. The MoU is renewed on an annual basis, promoting a continued learning approach and to date has built a twelve classrooms block, a skills acquisition centre and awarded scholarships to those of merit in the community. Respondents noted that the company carried out a monitoring process for every community-based project. As with the other models reviewed, the responsibility of development and implementation of MoU projects is placed in the hands of the community. Delays and failure in project completion are generally accepted by those involved as no fault of the company. This is because they fulfil their obligations with greater transparency than previous operators. As a result, the company has not suffered attacks on its pipelines with citizens taking greater responsibility for securing company facilities.

However, separate surveillance contracting still takes place. NDPR rotates pipeline surveillance contracts among a cluster of host family members with a four year tenure for each clustered contractor. Interviewees maintained that NDPR does not deal with individuals as sole contractors, preferring a collective approach to contracting. This was said to contribute to reduced incidences of pipeline vandalism on NDPR pipelines.

The respondents gave a real sense that NDPR had a greater understanding of Niger Delta communities and a proactive approach to engagement. This was supported by formal six month communication and more frequent informal communication, to ensure concerns were listened to, recognised and understood.

Feelings of anger, demand for attention and expectations within the host community appeared to be offset by the methods employed by NDPR contributing to reduced incidences of pipeline vandalism. One respondent stated that “if all the oil companies operating here emulate the pattern and mode of operation of NDPR, there will peace, unity and co-operation between Oil Company and the community. If the foreign oil companies adopt the approach used by NDPR, pipeline vandalism will become history.”
ADDAX PETROLEUM

Although our researchers were unable to speak directly to the company or communities where the company operates several high level respondents commented on the pipeline surveillance policy of Addax Petroleum, an operational practice that could be worth replicating.

The company engages with community pipeline surveillance teams (including ex-militants) that are given a mandate to patrol 1km lengths of pipeline. The teams are financially penalised for pipeline disruptions that occur and rewarded for successful and uninterrupted operations. Whilst our research did not disclose the amounts of deductions and incentives involved it was clear from respondents that this approach was working and as a consequence pipelines were more secure with fewer incidences of vandalism.

This is an interesting approach that could be extended to those surveillance teams becoming environmental stewards, with incentives to protect the environment around pipelines as well as playing a monitoring role. In addition, if issues did occur then the community-based teams could also act as oil-spill response teams, informing relevant parties through a platform such as NOSDRA’s Oil Spill Monitor platform so a coordinated response actions could take place. This is another approach that links income to stable operations, albeit on a smaller scale.

However, this practice could lead to an issue caused by separating community development initiatives from security and surveillance initiatives. Competing interests and wealth inequalities as a result of separate negotiations with oil-companies, outside of the MoU could cause conflict within the community. Instead we would recommend that community based surveillance forms part of the MoU, with amounts transferred to a local community institution (e.g. a CDF), which then employs community surveillance and environmental stewardship teams on a long term and regular income basis.
RELATIONSHIP RESET: THE NEED FOR A COMMUNITY-CENTRED FRAMEWORK

So how can communities, oil-companies and government co-exist and mutually benefit from each other’s presence? One respondent answered “an ideal partnership will be one that clearly defines the roles, responsibilities and benefits for each stakeholder; communities, companies and government.”

The tripartite relationship between Government, oil companies and communities must be re-established and clarified, identifying clear roles, responsibilities and obligations of each party; they must operate in partnership not in conflict. These relationships must be based on a principle and values based culture encouraging cooperation and trust whilst maintaining efficiency and effectiveness in decision-making and project implementation. Mutual acceptance of underlying principles and values provides a solid and incontestable foundation to create an aspirational culture of partnership.

There is a need to move to a relationship where all parties benefit; oil companies by maximum production with minimal additional costs, government through tax take and profit share on joint ventures, and communities, permitting the companies to operate on their land in return for rent aligned with success based incentives and transparent and accountable needs-based community development.

Our research identifies examples where alternative community based models have been trialled with some success giving a degree of confidence that change is possible and relationships can be fixed. A solution will need to take into account the successes, challenges and lessons learnt from current approaches to provide a clear direction towards a sustainable and collaborative approach to tackling pipeline vandalism.

From the examples explored it is clear that a multi-stakeholder and multi-dimensional approach is necessary focussed on managing community expectations and alleviating the identified core drivers of grievance based vandalism. The process must involve the local communities whose buy-in is essential for it to be a success. However, it is crucial that community based initiatives have local support, credibility and a clear focus on socio-economic development of the community. Oversight of such entities is crucial to avoid a situation where alternative solutions become yet another channel for patronage.

Please note that the topic of collaborative pipeline management has been extensively considered in a recent PhD thesis by a candidate from Newcastle University, UK. This piece of work “advocates for the adoption of a collaboration-based petroleum pipeline ROW management framework in Nigeria. This encompasses a synergetic collaboration involving the relevant government agencies at national, state and local government levels, the multi-national oil companies and community based organisations as part of an overall framework that will also provide for poverty reduction in the pipeline communities. The collaborative management framework would drive prevention and proactive strategies, and forge a common synergy that would run through the system of stakeholders to ensure consistent exchange of information, ideas and learning to achieve a vandal-free operation of the pipelines in Nigeria.” This research, undertaken independently, shares validation with our findings, and should be read in conjunction with this report. (Collaborative based management of petroleum pipeline rights of way in Nigeria, Ekwo S.E., Newcastle University, 2011)
### ALTERNATIVE COMMUNITY BASED APPROACHES TO TACKLE PIPELINE VANDALISM

A summary of the potential community-based approaches and solutions to tackle pipeline vandalism can be seen over the next two pages in the context of the major drivers identified in this research, providing a foundation for a holistic framework to tackle grievance based vandalism.

<table>
<thead>
<tr>
<th>DRIVERS OF GRIEVANCE BASED PIPELINE VANDALISM</th>
<th>WHO IS INVOLVED?</th>
<th>POTENTIAL SOLUTIONS &amp; COMMUNITY BASED APPROACHES TO TACKLE VANDALISM</th>
<th>KEY INTERVENTION PARTNERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>ANGER</td>
<td>Communities (community leadership &amp; community members, ex-militants)</td>
<td>Identify low-expectation host-community environments as key intervention areas to implement alternative community based approaches. Establish community not-for-profit institutions that facilitate transparent and accountable community entry points for needs-based community development funding. Oil companies encouraged to enter into equity sharing partnership with communities - “our success is your success”. Implementation of a needs-based community empowerment approach with core aim of achieving sustainability in the medium term. All members at the community oil-company interface must be properly trained in mediation to ensure that disputes are settled without violence.</td>
<td>Federal, State &amp; Local Government, Oil-Companies, communities, NGO’s, auditors</td>
</tr>
<tr>
<td>ATTENTION</td>
<td>Communities (community leadership &amp; community members, ex-militants)</td>
<td>Communicate a nation-wide commitment to communities that Government will fulfil its role providing security, basic services infrastructure and empowerment opportunities to all citizens. Federal regulator given mandate to review oil-company community relationships enforcing international best practice and penalties where appropriate. Direct communication &amp; whistleblowing channel to Federal Government. Engage host communities 2-3 years prior to operations starting. Regular formal communication between oil-company &amp; community. Minimum every six months. Review MoU on an annual basis and carry out independent monitoring and evaluations of community based projects. Public disclosure of host community oil company contractual relationships and institutional decisions including historic audited financial and narrative reporting and identification of planned projects and funding schedules. Ensure perceptions are based on accountable fact based evidence. Top down encouragement of LGA partnerships with communities as a first step to re-engage local government and communities. Enforce local government community based objectives, reviewed on a State-wide competitive basis.</td>
<td>Federal, State &amp; Local Government, Oil-Companies, communities, NGO’s, auditors</td>
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<tr>
<td>UNEMPLOYMENT</td>
<td>Communities (community members)</td>
<td>Community members and contractors employed through community institutions on stable and regular income terms. Governance &amp; employment selection processes based on merit and competence. Pipeline protection role aligned with environmental stewardship. Reward protection and penalise interruption of pipelines. Provision of scholarship programs to provide skills training aligned with local economies. Encouraging local entrepreneurship and networking with potential public &amp; private investors to scale up businesses. Sensitive communities to the benefits of saving and investing to change the “spending culture” in the Niger Delta.</td>
<td>Communities, oil-companies, clean-up &amp; surveillance contractors, local business, public &amp; private investors</td>
</tr>
<tr>
<td>CASH</td>
<td>Community clean-up contractors, community pipeline surveillance contractors, community leadership, Oil-company (CSR &amp; Security)</td>
<td>Communicate that CSR funding is based on success of operation (implicitly reduced pipeline interruption for oil operators) and fixed funding (if provided) will be phased out over a fixed period to move towards a dynamic equity sharing relationship. Ensure community expectations are managed in terms of timeframes and anticipated income to reduce financial dependence and encourage sustainability. Clean-up and surveillance contracts engaged through community institution, not directly with oil-companies. Encourage rotation of community based pipeline surveillance contracts. Primary role as environmental stewards and environmental response team. Reward protection and penalise interruption. Public disclosure of oil-company CSR &amp; Security funding schedules to minimise ad-hoc “easy-cash” contracting as a response to threats of vandalism. Impact to reduce quantity of easy cash to individuals within communities. Prosecution of local vandal barons and vandal sponsors. Review oil-company employee remuneration to promote a culture of ownership over company internal values and processes.</td>
<td>Federal, State &amp; Local Government, State Security, Judiciary, communities, clean-up &amp; surveillance contractors</td>
</tr>
<tr>
<td>DEMAND FOR REFINED FUEL</td>
<td>Ex-militants, local business men, fuel distributors, community labour</td>
<td>Build roads and transportation infrastructure to make all inaccessible pipelines accessible to reduce the opportunity for vandals to operate artisanal refining camps. Prosecution of local refining operators. Extend power grid into rural communities to reduce need for illegally refined product. Build downstream filling stations in newly accessible areas to ensure legitimate supply can be transported to all communities. Enforce punishment for State-Security collusion with illegal refiners and vandal barons.</td>
<td>Federal, State &amp; Local Government, State Security, Judiciary</td>
</tr>
</tbody>
</table>

To gain employment from artisanal refining labour opportunities or clean-up and/or surveillance contracts

Implicit incentive to vandalise to obtain clean-up & surveillance contracts and access “cheap/easy money” to feed patronage networks.

To supply oil and refined products to local and international markets.
RELATIONSHIP REGULATOR

This historical absence of Government providing basic services must be addressed as a first step to re-establishing the relationship between Government and communities. A solution could be to create a Federal level host community “Relationship Regulator”, responsible for mediating the relationships between communities and Government whilst setting clear standards and best practice for community-company relationships. In addition, this approach will provide a clear channel of communication for host communities into the Federal Government. Taking the Amnesty Program as an example, one of its successes was that it provided a direct link between Federal Government and ex-militants, a link that was missing prior to its inception. The program created a communication channel so that those who felt aggrieved could communicate directly with the Federal Government, one of the core underlying drivers behind vandalism in communities.

A regulator could also act as a whistle-blowing function linking with other Government agencies to validate and investigate potential areas of inappropriate behaviours particularly incidences of vandalism. It would also act as an anonymous and safe channel of communication, allowing those who want to see a real difference in communities but currently cannot change things outside of traditional power structures and patronage channels.

Relationships between Government and Oil-Companies should be formalised through the incorporation of Joint Ventures to encourage an approach of transparency and accountability over Government-oil company operations.

MANAGING EXPECTATIONS

From the examples of Frontier Oil and Indorama Eleme Pharmaceuticals, it is important to understand the expectation environments within host communities and anticipate when expectations may crash as a result of NOC acquisition. NOC’s can certainly reset the relationships and build new foundations on which a more robust, transparent and accountable partnership can thrive.

In the case of IOC’s and NOC’s it is necessary to review existing MoU arrangements and consider a move away from fixed CSR contributions that encourage long term community dependency on the company. Instead, a success-based equity sharing relationship maybe more appropriate, encouraging a culture of “our success is your success” between stakeholders. In addition, an annual review of MoU arrangements with six month formal reviews to maintain constant communication and continued learning whilst managing community expectations.

COLLECTIVE COMMUNITY CONTRACTING

To avoid contracting with individuals for clean-up and surveillance contracts, leading to distortions and inequality within communities, it important that all community related funds, including pipeline surveillance contracts should pass through incorporated community based institutions, formalising money flows into a community development organisation. The interface between oil-companies and communities can then be simplified and focussed towards the governance of such an institution and reducing the opportunity to divide and rule through the ad-hoc rotation of individual surveillance contractors.

TRUSTED FACILITATORS & MEDIATORS

Whilst the “Relationship Regulator” mediates the strategic relationship between Communities and Oil-Company, the alternative approaches reviewed identified that oversight is often most needed at the operational governance level. Trustees of local development institutions must be selected through a transparent process based on merit, not who they know. NGO’s have a crucial role to ensure that those selected to participate at the interface represent the communities’ interests and obtain the communities explicit consent to act on their behalf. NGO’s also serve to act as a mediator between oil-company and community whilst facilitating governance capacity building and review of long term impacts of implemented community development projects.

To facilitate and sustain a transparent approach, public disclosure of MoU’s, host community development plans and monitoring and evaluation reviews of implemented projects disseminated on a visual mapping platform.
SUSTAINABILITY & INDEPENDENCE

If a community based institution is created through a MoU arrangement, that institution must have a fundamental medium term objective of sustainability and independence. Encouraging alternative revenue streams are important outside of oil-company CSR budgets to reduce sole dependency on one revenue stream from an oil-company. In addition, internal processes will benefit from a variety of donor/investor accountability models, promoting internal growth and understanding of the need for transparency and accountability. It is important to stress that the higher the income received, the more opportunities communities have to create and provide sources for local employment and to drive a change of behaviour away from the incentives of pipeline vandalism.

ENVIRONMENTAL STEWARDSHIP

With regard community based development projects and approaches to protect pipeline infrastructure, community based pipeline surveillance and asset protection could be linked to a primary function of environmental stewardship. Surveillance teams could be engaged directly with a community based institution, with surveillance and security forming part of the MoU arrangement. As mentioned previously, employment should be engaged on a long term, regular and stable income to move away from the short term contracting culture of the Niger Delta. Employment will also need to be performance based, incentivising pipeline and environmental protection and penalising incidences of vandalism.

LEADING FROM THE TOP

Top down efforts must be taken to prosecute vandal barons and sponsors whilst enforcing punishments for State Security collusion taking a cut from providing protection for vandal cartels and oil thieves.

BUILDING BRIDGES

A major review of road and transportation infrastructure should be undertaken with the view to making all inaccessible pipelines accessible to reduce the opportunities for vandals to operate. In addition, building downstream filling stations in newly accessible areas will put pressure on supplies on illegally refined products whilst maintaining legitimate supplies to rural communities. Going one step further, extending the power grid to reach all habitable settlements would reduce the need for diesel generators and illegal fuel that powers them.

In conclusion, we believe efforts to reset relationships and tackle pipeline vandalism could lead to new social contract in the Niger Delta. Sustainable development of local institutions and economies will in time increase employment, potentially lifting many out of poverty whilst reversing current incentives away from vandalism and towards pipeline and environmental protection.
POLICY RECOMMENDATIONS

TO GOVERNMENT

• Support the creation of a “Relationship Regulator”, regulating and mediating the host community oil company relationship.

• Incorporate all Joint Venture operations, striving for transparent and efficient management and effectiveness of operations.

• Enforce and empower agencies and legal institutions to remove the culture of impunity in Nigeria, especially in the Niger Delta, and collusion from state security services involved with vandal barons and sponsors.

• Explore options to facilitate transparent and accountable community entry points for development funding.

• Take steps to develop a public registry of land to empower land-owners in their compensation negotiations with oil-companies.

• Build road and transport infrastructure to make inaccessible pipelines accessible.

• Support efforts to extend the power grid into rural communities, reducing the dependence on illegally refined products.

• Encourage and support local Government partnerships with communities to reinforce the Government’s proper role in the Nigerian State.

TO OIL COMPANIES

• Review expectations within host communities.

• Formalise and professionalise the oil-company community interface.

• Review MoU arrangements in consideration of the findings in this report. Consider success based equity sharing relationships to reduce financial dependence of communities whilst aligning community and company interests away from implicit incentives to vandalise.

• Formalise money flows so all funds are transferred to a single incorporated entity that is transparent and accountable to the whole community.

• Review MoU arrangements on an annual basis with regular and formal communication with host communities.

• Review employee selection at the community-company interface ensuring that employees are well trained in mediation and the implementation of development projects.

• Formalise all community expenditure into one channel, moving away from a culture of payments to individuals.

• Publically disclose MoU arrangements, community contracts and funding schedules and allow for scrutiny to build greater transparency and accountability in community social institutions.
TO COMMUNITIES

• Sensitise individuals and communities on the benefits of saving & investing away from the “spending culture” in the Niger Delta.

• Facilitate transparent and accountable governance practices at the community-oil-company interface particularly around the selection of those implementing governance functions. Ensure that individuals are selected on merit and competence rather than who they know.

• Build relationships with NGO’s as organisations who represent and advocate community issues

• Focus on economic empowerment projects that build skills and support local entrepreneurship that employs community members on a long term basis providing a stable base of regular income.

• Employ environmental stewards on a long term basis that are incentivised to protect the environment and are penalised for incidences of pipeline vandalism on their stretch of pipeline.

TO THE INTERNATIONAL COMMUNITY

• Support local NGO’s and local community based social institutions with direct funding placing emphasis on internal capacity building and long term partnership building.
THE BIG BUSINESS OF OIL THEFT

"Illegal bunkering and pipeline vandalism are not poor men business. When you go in-depth, you will see that some prominent persons are behind it. The instrument they use for bunkering and vandalism is not what the ordinary man can afford. The key players are somewhere while those boys we see around are just labourers."

This report has not reviewed regions where entrenched interests operate, separating the oil theft issue from the pipeline vandalism issue into two spheres of motivation. In reality, these spheres overlap and therefore entrenched areas must be considered in the context of the recommendations of this report.

We cannot forget that the entrenched interests are syndicates of criminals, dangerous people who would likely take lethal steps to protect their business interests. "Guys in the creeks are really bad guys, you don’t want to risk your life unless you are one of them."

Previous community attempts to tackle the situation were threatened by the syndicates, particularly ex-militants, and those who had very profitable stakes in the illegal business.

Oil theft is big business and our concern is that the approaches in this report would be quashed if oil theft and illegal refining operations were disrupted as a consequence of positive actions taken to move towards a community-based approach of tackling pipeline vandalism. However, the approaches reviewed have the potential to bring large amounts of funding into communities to support socio-economic development and long-term employment of those protecting public assets including pipeline infrastructure. This may place a strain on labour recruitment for nefarious business as youth and other vulnerable groups will have the option to choose from alternative and safe long-term employment opportunities. Further investigation will be required to understand the level of monthly salary that could persuade a vandal or oil refiner to take up employment elsewhere in the community.

In order to combat oil-theft seriously interventions would need to address the channels of sponsorship, international demand of stolen oil, laundering of proceeds and collusion of state security forces. Currently profit margins at tapping points are around 95% on the basis that the commodity stolen is free other than the costs to secure, protect and extract oil from pipelines. Significant steps must be taken to raise these costs to make this business unprofitable for those involved.
APPENDIX 1: ADDITIONAL PIPELINE SABOTAGE MAPS

Rivers State 2009-15

Bayelsa State 2009-15

https://oilspillmonitor.ng/
APPENDIX 2: CONTRACTS TO CONFLICT - THE RUMUEKPE CRISIS

BACKGROUND

Shell Petroleum Development Company (SPDC), along with other oil companies, has a longstanding policy of handing out royalties to leaders of Niger Delta towns that host their oil facilities. This injection of cash into otherwise resourceless communities creates an imbalance of wealth, where leaders appropriate the funds for themselves and their families without distributing them into the community. This leaves a substantial section of the community marginalised, impoverished, and disaffected relative to the leader’s suddenly wealthy clan. The alienated community members, especially jobless and angry youths then often attempt to displace their leaders in an attempt to gain power and access the royalties themselves.

This problem is exacerbated by Shell’s short-sighted tactic of handing out pipeline protection funds to local youths, often militia groups. In Rumuekpe this practice led to a supremacy struggle between local gangs in order access to handouts. The company fuelled conflicts by distributing handouts to the most powerful group at a time. It soon became clear to gangs that they just needed to proclaim themselves as leaders and prove their strength to be able to extort money from Shell.

Rumuekpe was an extreme embodiment of this pattern of the misappropriation of oil handouts in a community with no services or infrastructure, community fragmentation and tensions, and a subsequent violent struggle over resources.

Our interviewees speak of a community torn apart by waves of conflict between three factions competing for power and the oil handouts that came with it. [Redacted] was leader in 2005, later killed by youth leader [Redacted] gang, who gained power before himself being killed by [Redacted], another youth leader. This complex conflict raged between 2005-2008. In those three years, one hundred people were killed, 18,000 people were displaced, and houses and community buildings were destroyed. Rumuekpe became a ghost community.

However, those whom we interviewed all spoke of a gradual reconciliation and rebuilding process that has started since the conflict ended. All agree that some life has returned to Rumuekpe, as a few people have returned home to build houses and regain their livelihoods.

But the returnees are in a minority. Most people have remained outside the community, lacking the means to rebuild their houses, and fearing that more violence will erupt. For most, the scars of 2005-08 have still not healed.

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All names have been redacted in accordance with SDN policy
HISTORY OF THE CRISIS

The 2005–2008 Rumuekpe crisis was caused by a multi-layered struggle over power, resources, and access to handouts from Shell.

“The violent conflict came as a result of a leadership tussle between two members of the youth federation. A second factor is environmental conflict which was caused by SPDC with its divisive policies. All these factors were exacerbated by the clamor of few members of the community for the profits from the oil resources we had in Rumuekpe.”

ANONYMOUS VILLAGE ELDER, RUMUEKPE

As per their usual policy, the Shell distributed ‘community development’ funds and contracts to the community leader. In 2005, that leader was Chief [REDACTED]. As such, [REDACTED] had the monopoly over Shell’s handouts for oil plants located on both his family land and on other people’s property.

Unfortunately, [REDACTED] failed to redistribute the allocations for the benefit of the community, instead using them to provide for himself and his family. Before it was destroyed during the conflict, the palatial [REDACTED] compound stood in stark contrast to the modest houses around it.

As a result of [REDACTED] monopoly, resentment grew among the remaining impoverished villagers who suffered from the pollution and land appropriation of the oil industry while seeing none of the benefits. In addition to creating a growing wealth gap between [REDACTED] clan and the rest, Shell has not employed a single member of the Rumuekpe community since it began its operations in 1956.

In 2005, youth leader [REDACTED] formed the [REDACTED] using this gang to mobilize against [REDACTED] with a view to displace him and appropriate the oil payments.

The leadership tussle quickly escalated into violence [REDACTED] was beheaded and killed and his family’s compound was destroyed, forcing them into exile. The violence did not stop at Rumuekpe’s borders, however. In one particularly vicious attack, members of [REDACTED] faction tracked down and killed [REDACTED] brother [REDACTED] and his wife in Port Harcourt.

[REDACTED] later became Shell’s Community Liaison Officer (CLO). This similarly isolated and exclusive arrangement meant that [REDACTED] had a monopoly over Shell’s funds. Like his predecessor, his failure to redistribute the grants sparked another leadership struggle with another youth, [REDACTED].

[REDACTED] and [REDACTED] respective armed gangs thus waged war over access to contracts and payments, while SPDC distributed handouts to whichever gang controlled the town and therefore access to its infrastructure, something that changed as often as every month.

Indeed, Shell has been accused of pitting gangs against each other, because it is against their interest to host oil facilities in a united community that might exact demands upon them. In a classic example of divide-and-rule, Shell would frequently switch their fund allocations from one faction to the other.

As a result of this short-sighted policy, residents accuse Shell of not only causing but fuelling the crisis: as the conflict escalated, the [REDACTED] and [REDACTED] factions ended up using their funds to purchase arms and ammunition.

The increasingly vicious street warfare decimated Rumuekpe. The gang members targeted family members of their enemies. Fearing for their lives, thousands of residents fled the community and their houses were burned behind them. For years, Rumuekpe was a ghost town patrolled by armed gang members.

During the escalated conflict between [REDACTED] and [REDACTED], violence was the way in which the community attempted to resolve the leadership issues. Former residents’ accounts of the conflict are horrific, telling stories of brutal murders, beheadings, mutilated bodies thrown into pits.
“The entire community is almost like a ghost town, all the houses in the community were either partially destroyed or completely burnt down. A lot of promising youths from the community were also killed. The crisis was really bad, human heads were cut off, live humans were thrown into the wells… it was very gruesome.”

ANONYMOUS FEMALE RESPONDENT, RUMUEKPE

“My mind is still bitter with the perpetrators of the violence that changed my life. They have caused me so much pain that I find it hard to forgive.”

ANONYMOUS MALE RESPONDENT, RUMUEKPE

Today, a tentative and uneasy peace has returned to the community and some people have moved back to rebuild their lives. Community members have reconstructed temporary shelters from tarpaulin and corrugated iron. Field research has documented ongoing malnutrition, poverty and homelessness.

ANALYSIS: THE PATTERN OF CONFLICT

The conflict in Rumuekpe was the result of the following complex and mutually-reinforcing factors, in a pattern that can be found in communities across the Niger Delta. In this way, Rumuekpe is a worst-case model of what can happen when these factors of disempowerment come into play.

• **Loss of Livelihood:** The Niger Delta’s underdevelopment has not arisen despite the profitable oil industry but because of it. Pollution has inhibited agriculture, and, because oil extraction requires skilled and trained labourers and educated engineers, the presence of oil companies has not created any job opportunities for Niger Delta citizens. Therefore, extraction of oil has destroyed traditional means of livelihood and left locals with no alternative source of income.

• **The Government:** Successive corrupt, weak, and unrepresentative politicians have failed in their responsibility to provide basic amenities and services to their citizens. Further, the lack of government accountability has meant that communities affected by oil extraction have been voiceless and powerless, unable to influence political and economic decisions reached by the government and oil companies that affect their lives.

• **Oil Company Corporate Policies:** International oil companies trumpet their handouts to communities that host oil facilities as examples of responsible corporate social policy. In practice, however, they amount to an injection of cash into the hands of leaders of poor communities, which creates an artificial accumulation of wealth in the hands of the powerful. Decades of these short-sighted social responsibility projects have reinforced inequality within Rumuekpe and other communities, and increased their dependency on the oil companies as a source of income.

• **Corruption:** The community handouts have also helped to exacerbate a culture of corruption, further deepening the inequality between powerful leaders and powerless youths. This widening tension inevitably spiralled into conflict as the youths, with no job opportunities and surrounded by abject poverty, turned to a violent takeover of the community leadership as the only way to improve their lives.

• **Social Disintegration:** Because of the limited economic opportunities and the unequal accumulation of wealth in the hands of community elders, disengaged youth have become increasingly restless and willing to challenge traditional patriarchal power structures. This fracturing of traditional social hierarchy led to the violent scramble for handouts.

All these factors came into play in Rumuekpe, resulting in the 2005-8 conflict that tore the village apart. Inescapable poverty was caused by the loss of traditional livelihoods and no job creation, and unrepresentative and corrupt governance failed to represent the needs of the community and did not invest in job or infrastructure creation. To these two root causes are added two further factors: the oil companies’ handouts created an artificial injection of wealth in the hands of, and later, and the local culture of corruption meant that these handouts were not redistributed throughout the community but stayed in the hands of the leaders’ clans. Finally, because of the limited economic opportunities and the unequal accumulation of wealth in the hands of community elders who did not redistribute it, Rumuekpe underwent a fracture in the social hierarchy as youths became disillusioned with traditional power structures and took up arms to appropriate the oil companies’ handouts for themselves.
In conclusion, it is clear that Rumuekpe, as a community affected by the same factors of disempowerment that apply across the Niger Delta, represents the worst of what can happen when inescapable poverty is combined with unrepresentative governance, an exploitative and polluting oil industry, and a dramatic wealth gap between the political elite and the marginalised residents of a community.

It is therefore clear that the deprivation across the Niger Delta is, fundamentally, caused by disempowerment that is expressed in the above forms. The local communities, destitute and voiceless, are unable to take ownership of their fates. This has created a deep-seated feeling of powerlessness and insecurity that has pervaded all the communities in which we have worked, and Rumuekpe especially.

The violence that erupted in Rumuekpe was the direct result of this powerlessness. Community members lacked not only not only wealth, but the political assets and social capabilities to improve their lives. It was this background of powerlessness that caused youth militants to take up arms in an attempt to reclaim ownership of their lives.
Building Bridges: Community-Based Approaches to Tackle Pipeline Vandalism