

**Impact Assessment and Corporate Social Responsibility: A Comparative Case Study  
Review of Oil and Gas Industry in Casanare, Colombia and Niger delta, Nigeria.**

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**Impact Assessment and Corporate Social Responsibility: A Comparative Case Study Review of Oil and Gas Industry in Casanare, Colombia and Niger delta, Nigeria.**

“ All types of activities performed by man have an impact on environment, of all man-made activities, industry mainly attract public interest with reference to environmental problems”  
(G. Drogaris 1992)

**Abstract**

This paper will focus on industrial development and its impact on environment with both social and economic dimension .The roles of impact assessment as a mitigating instrument to the problems and means of achieving sustainability is examined. However, industries overtime has been approaching sustainable development issues from corporate social responsibility perspective. A critical review of the corporate social responsibility concept and approach is considered to know the extent to which impact assessment instrument is emphasized. Further to that is a look at global compact which is a system to make business act as corporate responsible citizens, even though it has neither “policing or enforcing mechanism”. It is therefore opined that this gap could be bridged by impact assessment. And to illustrate this thinking, comparative review of cases is done in order to know how impact assessment can be use in making partnerships for managing social issues in extractive industry work. The conclusion is that impact assessment principles should be integrated in to corporate social responsibility code of conduct and as a reporting mechanism tool. By these the aim of global compact to achieve sustainable global economy would be realized.

**Key words:** Industrial development, integrated impact assessment, sustainable development, corporate social responsibility and global compact

## **Introduction**

Industrial sector covers manufacturing, construction, mining, and public utilities. The importance of this sector in an economy cannot be overemphasized; also the process of industrial development is multifaceted, affecting many groups within the society. The group in focus are supplier's of labour, capital and industrial inputs; consumers of industrial products; managers of firms; government planners and policy makers (Balance et al; 1982). Further, the momentum and character of industrial development is determined by economic, political and social conditions prevailing within an economy. This condition produces impacts that affect relationship of domestic producers and consumers (ibid. 1982).

The earlier argument in support of need for industrial development especially for underdeveloped countries was that millions of people are living in extreme poverty. And without industrial progress, it is impossible for a country to produce the goods and services needed to attain decent standard of living for its citizens (UNIDO, 1986). Other reasons cited in favor of the need and motive for industrialization are provision of work for growing population, raising the standard of living, improvement in balance of payment, economic independence, and national prestige which industrial economy could give over fellow primary producers. (Mountjoy 1982). Even with this benefits, a fact remain clear, that industry extract minerals from the natural resource base, processes them and put both the product and pollution back into the environment (Smith 1992).

The impact of industrial actions on the environment and derivable benefits raises argument from various schools of thought. For instance, the liberalists argued that 'free market' mechanism could work to safe guard the environment, if the environment is given a monetary value. And the structuralist maintains that economic and social structure; especially the ownership and control of resources need to change, if we are to safe guard the environment while developing industries. On the parallel, the environmentalist emphasis small scale and local initiative, and some advocate a 'zero-growth' option for international economic policy in the attempt to safeguard the environment (ibid. 1992)

Looking at the remarks made in UNDPs report of 1998 that say, "environmental damage almost hits those in poverty the hardest" and the report of world commission on environment and development set up to take a review of the relationship between economic growth and environmental impact, which says "it is both futile and indeed an insult to the poor to tell them that they must remain in poverty to protect the environment"(Brundtland 1987)

The views expressed by various schools and the United Nations Organizations therefore reveals the complexity and interplay between poverty and environment issues. In other to find a middle range for various ideologies, the concept of sustainable development emerges. This thought tend to seek a balance in reducing poverty and safeguarding the environment. Also, one might opine that if impact assessment approach is introduce into other ideologies, it might as well produces result that will check the excesses of the market or the state and even make the core environmentalist to see the need for some level of economic growth as well. At this point, a review of what impact assessment entails is considered essential to understand how it could mitigate problems associated with industrial actions on environment and means of achieving sustainability.

## **Impact Assessment as a Mitigating Tool**

In the past years the meaning of impact assessment was narrowed down to environmental impact assessments (EIA) and it was basically for planning and appraisal process. There are various definitions of the concept, however a few below will suffice for the purpose of this paper

Masera and Columbo (1992), define environmental impact assessment (EIA) as an activity designed to identify, interpret, predict and communicate information about the impact of human actions. Human actions subject to an EIA are those, which because of their size or foreseeable consequences could be hazardous for the well being of an ecosystem (including human beings, their materials and non-material assets). According to the International Association for Impact Assessment, impact assessment, simply defined, “the process of identifying the consequences of a current or proposed action”.

Oxfam GB and Novib adopted a common definition after a review of existing literatures, therefore defined; “impact assessment is the systematic analysis of lasting or significant changes- positive or negative, intended or not-in people’s live brought about by a given actions or series of actions”(Roch 1999). Other common approaches are social impact assessment (SIA), cost-benefit analysis (CBA) and social cost-benefit analysis. These approaches are for evaluation. And retrospective in methods with limited participation at inception and moving towards extended participation in the recent years (Howes 1992). From the above the key point is “action” and these actions are translated in to projects to produce an expected and unexpected change on “human being and its environment”. As a result of the change factor, risk analysis and management in projects becomes imperative. It might then be argued that impact assessment becomes an evaluating tool for risk analysis and to proffer mitigation and compensation measure against any consequence of project actions on man and its environment.

Further, risk associated with projects can be immediate or delayed, individual or societal in nature, whatever the nature of the risk, procedures in terms of risk identification (hazard to man and environment); risk quantification; risk acceptability; and risk control are require in its analysis and management (Muyselaar 1992 and Contini and Sevida 1992). It could then be argued that risk management is dependent on indicators that can be numerical or linguistic, (Masera and Colombo 1992) and the reliable activity that can provide these indicators is impact assessment. Roach (1999), further emphasis that impact assessment activities must me done throughout the project cycle, and identify preparatory stages as anticipatory or prospective. In the process of implementation, it checks what consequences a project is currently having. After completion, the emphasis is on examining what effects the project has had. Evident is that impact assessment provide indicators that help determine what mitigating and compensatory measures to be put in place.

For instance, mitigation measures inherent to project, such as the choice of technologies, modification in the construction or production process, or waste production/deposit; Measures that tend to remedy the potential damages (e.g., oxygenation of waters, repopulating of species, etc). And compensation measures against economic and occupational status, social pattern and lifestyle, social and physical amenities, psychological features (e.g., mobility,

personal security, molestation), safety and hazards, culture and aesthetic aspects, etc. (Masera and Colombo 1992). They further expressed that human concern must be considered in order to define these measures and must be directed mainly towards the community exposed to the effects with the goal of counterbalance or indemnifying any “bad” effects. (ibid. 1992).

### **Impact Assessment As A Means of Achieving Sustainable Development**

With the understanding of the importance of impact assessment as mitigating tool, its role in achieving sustainability is worth examining. The issue of sustainability arises from the middle range concept of sustainable development mentioned in the introductory section. For the purpose of this paper, the definition in Brundtland report, that says: “Sustainable development is development that meets the need of the present without compromising the ability of the future generation to meet their own need” (Brundtland 1987), will be a good starting point, even though it is not universal satisfactory? According to MMSD breaking new ground report (2002), it was expressed that the definition has received broad support, not least because it is a deceptively simple formulation. But it has multiple layers of meaning and some profound implications. It allows flexibility within defined boundaries, and can be applied to the development of many activities. And that there is no single goal or path for getting there; sustainable development presents more a framework for change than a list of prescription to achieve it. It is therefore hard to define as other ideas that guide society- such as democracy, justice or freedom of speech come into play (IIED 2002).

Similarly, it was pointed out that since the publication of the Brundtland report, much ink has been spilt over the definition, and feasibility, of “sustainable development”(Common 2000). So the definition and feasibility question could be justify when sustainable development is view from the complex challenge of integrating economic activities with environmental integrity and social concern. Even though the definition of sustainable development by Brundtland commission is simplistic in nature, it is good to know that, some necessary expansion is provided by principles of Rio declaration and it thus emphasis that human being are at the center of concern for sustainable development. And other principles such as, the participation principle, the precautionary principle and the polluter pay principle are relevant to environmental assessment procedures (George 2000). Further, after the publication of the Brundtland report, the potential value of environmental assessment (EA) as a tool for sustainability assurance was recognised (Jacob and Sadler 1989). Like wise, at the Rio earth summit of 1992 this potential was given powerful backing as all states were call to introduce EA as part of the overall sustainable development objectives (United Nations 1992).

How ever, with environmental assessment EA at the centre of development decision-making process, EA is therefore expected to provide one of the most powerful tools of achieving sustainable development. But, the issue is that of if sustainable development can be defined, then it should in principle be possible, through EA, to test any proposed development for whether it is or is not sustainable development (George 2000). The implication of the incapacitation of EA as a tool is due to influence of the socio-economic and political dimensions in project developments. However, integration of economic and social appraisal has been reorganize as alternative tool for planning and decision making purpose, particularly in the context of sustainable development (lee and Kirkpatrick 2000). Therefore, the concept integrated impact assessment (IIA) emerges for the purpose of achieving sustainable

development. However, after a review of some existing literature on the concept of IIA, little attempts have being made at the definition, as ‘integration’ was not seen to be important due to the fact that there were few different types of appraisal, when considering appraisal of projects in the past years (Lee and Kirkpatrick 2000). It therefore suggests that the definition of IIA concept is crucial, if it’s to be used as a tool of achieving the goals of sustainable development.

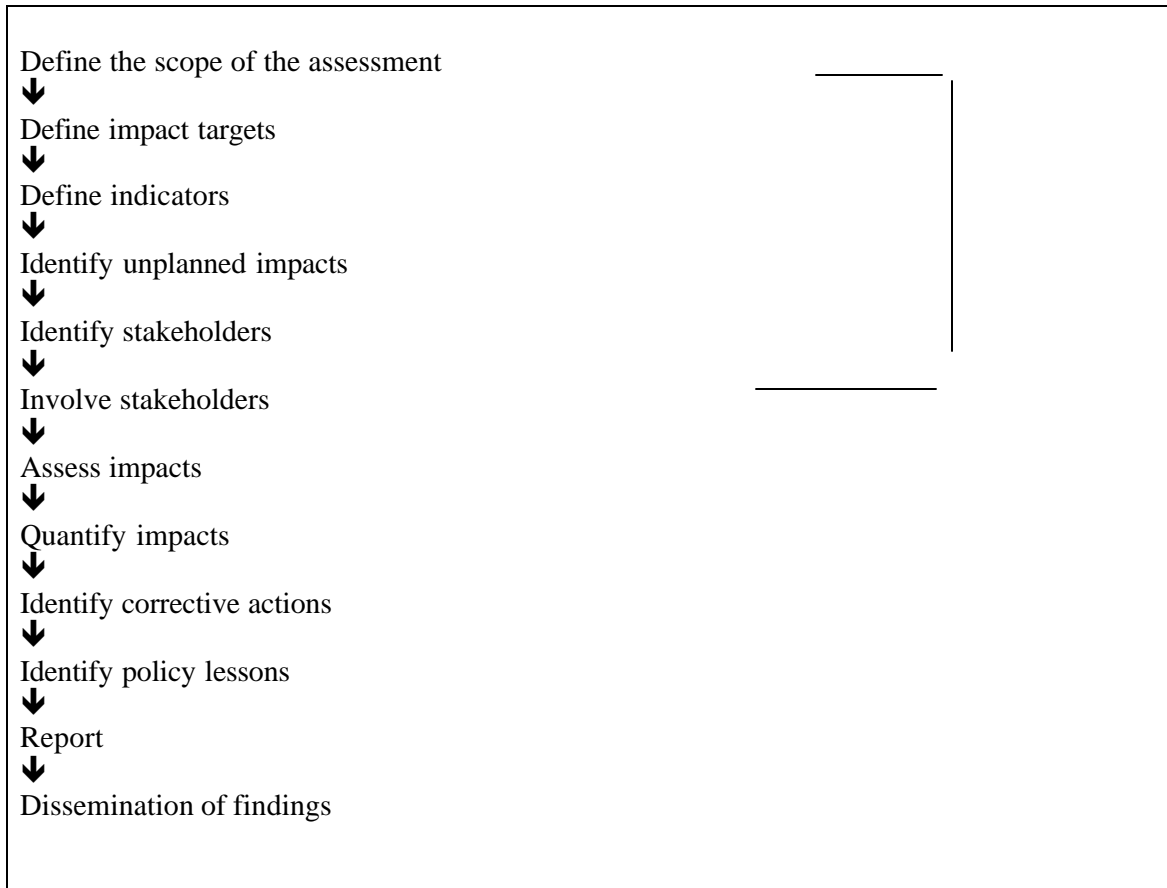
In order to meet the challenges of sustainable development and to build framework for the arguments in this paper, attempts will be made to define integrated impact assessment (IIA). Building on existing knowledge, below is the working definition of integrated impact assessment for the purpose of this paper:

*Integrated Impact Assessment (IIA) is an activity design to generate or produce interdisciplinary numeric or qualitative indicators to interpret, predict and communicate information about the immediate or delayed, foreseeable or remote effects of given or series of actions, proffering what mitigation and compensation measures to be put in place against consequences of project, programme and policy actions on the well-being of an ecosystem.*

Further, in IIA there are many different ways in which different methods can be combined in an investigation. The most cost-effective combinations must be assessed in relation to each assessment, the purpose of the assessment, the particular issues to be addressed, the stakeholders involved, and ways in which findings are to be used (EDIAIS 2001). It can therefore be assumed that (IIA) could fill the gap created by environmental assessment (EA) through the provision of define single or combine indicators that is required to identify mitigating and compensation actions thereby serving as a tool for achieving sustainable development.

Attempt will be made to upgrade the general impact assessment methodology to an integrated impact assessment methodology for the purpose of discussion in the subsequent section of this paper. Although, it is express that techniques vary according to the nature of the intervention and the purpose of the assessment, the basic methodology is similar (EDIAIS 2001).

Figure 1 General impact assessment methodology



Source: EDIAIS 2001



Figure 2 Integrated Impact Assessment Methodology IIA



Source: Author 2004

## **Corporate Social Responsibility and Sustainability**

The concept corporate social responsibility emergence could be attributed to unsustainable and irresponsible actions of industries. In support of these, it is express that “industries have seldom taken responsibility for the consequences of their actions, unless required to do so by law, and even then only by lip services”(Smith 1992). Further, Kofi Anan did express the need to correct the unsustainable and irresponsible action of business, and in his words.

“We have to choose between a global market driven only by calculations of short –term profit, and one which has human faces. Between a world which condemns a quarter of the human race to starvation and squalor, and one which offers everyone at least a chance of prosperity, in a healthy environment, between a selfish free-for-all in which we ignore the fate of the losers, and a future in which the strong and successful accept their responsibility, showing global vision and leadership” (Kofi Annan, The UN-Secretary General, January 1999).

It is on this basis that corporate social responsibility became a crucial element of international effort to foster sustainable and equitable development worldwide (World Bank 2001). In response to various views on behaviors of corporation, they have take up the concept and implementing it to achieve sustainability. The implementation of the CSR concept is reflected in the reports produce by Businesses in recent years. However, understanding the link between corporate social responsibility and sustainability would be required to know whether the approach of business in justified. Although the concept of CSR has been developing since the early 1970s, there is no single, commonly definition of CSR. Generally, CSR refers to collection of policies and practices linked to relationship with key stakeholders, values, compliances with legal requirements, and respect for the people, communities and the environment. Also, CSR can be referred to as the commitment of business to contribute to sustainable development (World Bank 2001).

The term sustainability is open to many meaning and interpretations and in development prose ‘sustainable’ has replaced ‘integrated’ as versatile synonym for ‘good’, however, in common parlance, sustainability connotes self-sufficiency and an implicit ideology of long term self-restraint and self reliance (Chambers and Conway 1992). This simply refers to the goal, sustainable development set to achieve through the integrating of economic activities with environmental integrity and social concerns. It therefore became clear that there is a link between CSR and Sustainability as the components of CSR is similar to the goal of sustainable development and it means that the corporation are justified in their approach, however the deficiency in the implementation is lack of emphasis on the use of impact assessment as the tool to provide indicators needed to monitor and mange the adverse effects of actions and to provide all inclusive data for CSR reporting.

Some non- governmental organization raises concern that business is using CSR has a shield against campaign for human right and environmental protection. And express that business in the instance of oil and gas industry implementation of CSR in some cases are counter-

productive, worsening relations, between business and local communities. They further argue that CSR is being used as a public relations tool and express their belief that it is no coincidence that companies in areas such as oil and gas, mining and tobacco are its biggest champions (Guardian business 2004). In addition, the non-governmental organizations remark the attempt by the UN to introduce a set of principles governing corporate responsibility, however, it was pointed out that this principle especially that of human rights that include both the internal relations and local communities with the business were opposed by business groups on the ground that they were already dealing with such issues using their own voluntary CSR initiatives. Therefore, call for a new interventions guide line to govern company behaviors and legislation to make corporate social and environmental reporting and disclosure mandatory, gives directors a duty of care for communities and the environment, thereby making them legally responsible for the actions of their companies overseas. (Guardian business 2004). It therefore suggests that if the proposed new guideline is to be efficient or the existing framework is to be strengthened, the use of impact assessment tools need to be emphasized as it appears as the missing link.

### **Corporate Social Responsibility, Global Compact and Integrated Impact Assessment**

The scope of CSR is conceptually quite unbound at the present time. As there is no single commonly accepted definition of CSR and there is also no commonly accepted classification of the main components of CSR. Often CSR relates to: environmental protection, labour security, human rights, community involvement, business standard, market place policy and procedures, enterprises and economic development, health promotion, education and leadership development, and human disaster relief. All the listed components of CSR contribute to sustainable development and most companies approach the reporting of components they are implementing in a triple bottom line format to deliver shareholders value and sustainability value. The triple bottom line focuses on three dimensions of sustainability: economic, environmental, and social. (World Bank 2001). Looking at the reporting mechanism, it therefore suggests that integrated impact assessment activities could provide less controversial and more efficient indicators for CSR triple bottom reporting.

The attempt made by the United Nations referred to in the earlier section is the global compact. The global compact is a voluntary corporate citizenship initiative that makes business part of the solution to the challenges of globalization. In this way the private sector partnership with other social actors can help realize a more sustainable and inclusive global economy (United Nations, 2003). Corporate citizenship in this regard is based on the concept of the corporation as a citizen, although not identical with concept of personal citizenship, still it clearly recognized that business has rights and responsibilities that go beyond short-term profit maximization (World Bank 2001).

The nine principles of global compact are in three areas: human rights, labour and the environment. These are based on universal consensus derived from the universal declaration of human rights, the international labour organization declaration on fundamental principles about rights at work, and the Rio declaration on environment and development. However, the global compact is not a regulatory instrument- it does not “ police”, enforce or measure the behavior or actions of companies, rather relies on the actors understanding of the consequence of this

actions and getting the actors to initiate and share substantive actions in pursuing the principles upon which Global compact is based (United Nations 2003)

Despite the weakness of GC has a policing mechanism, Global-reporting initiative- GRI that is a non-governmental initiative is making some remarkable attempts, in this instance, it focus on tittle bottom line, multi-stakeholder, Consensus -base sustainability reporting. The nine (9) UN global compact principles and GRI sustainability reporting guidelines core performance indicators are mainly social and environmental, otherwise known as report content indicators (GRI 2002). Undoubtedly, the best activities that could produce these indicators are through impact assessment processes.

Even with the core indicators being social variables, it was expressed that social impact assessment remains a weak link in the impact assessment process being applied to new projects. And the fact is that the results can truly minimise impact and enhance benefits to the stakeholders (Murray 2002). Therefore in other to avoid the marginalisation of social impact assessment, in corporate reporting, and de signing of mitigation and compensation projects against consequence industrial action, the use of integrated impact assessment activity tool need to be emphasized.

In support of the need to emphasis the use of integrated impact assessment process, was captured by the first world wide –stakeholder survey on non-financial reporting. The key resulting emanating from the global stakeholder report 2003 are as follows:




- Corporate reporting on non-financial-issues is dominated by internal view of the organisation.
- “Human right” is the single most important issue for stakeholders
- Expectations about economic issues are low
- “ Corporate Citizenship” doesn’t convince stakeholders
- A systematic management –oriented approach is more important than the dedicated treatment of single issues.
- Stakeholders prefer regional reports with a chapter devoted to Parent Company
- Accountability and transparency are the most important functions of non-financial reporting.
- The readership should ideally consist of shareholders/investors, employee and consumers. However, these are the group that read most superficially
- The most thorough readers are competitors and consultants
- Stakeholders want a factual, business-like report with link to further information and other sources

- All companies over a certain size should be obliged to report regularly on non-financial issues (ECC Kohtes Klewes GmbH and Fishburn Hedges).

Evident from the findings above is that the current approach to CRS reporting by business is not satisfactory. And if significant improvement is to be made on the identified deficiencies by the stakeholders, the role of integrated impact assessment cannot be overemphasised.

Further, the global stakeholder report acknowledges the dominance of environmental issues in non-financial reporting internationally. However, it also expressed that non-financial reporting is currently based on 'triple bottom line' or sustainability reporting methodology. A review of the analysis of the stakeholders' expectations on the current reporting methodology reveals that 68.2 percent world-wide want companies to report "a lot" on environmental issues. 65.3 percent demand "a lot" of treatment of social issues and only 36.1 percent want likewise treatment of economic issues, as it is considered as marginal to most non-financial reporting. And the general belief of the stakeholders is that annual financial reports of the companies are the established medium for non-financial kind of information (ECC Kohtes Klewes GmbH and Fishburn Hedges 2003).

**Fig.3. Stakeholders' expectation of coverage of main issues in CSR reports**

Environmental issues		68.2%
Social issues		65.3%
Economic issues		36.1%












Source: Global Stakeholders Report, (ECC Kohtes Klewes GmbH and Fishburn Hedges, 2003).

A more detailed review of sustainability issues in relation to stakeholder's priorities in CSR reporting is as follows:

### **Environmental issues**

Figure 4 below shows that in the environmental area, the three most popular subjects are energy-and eco efficiency - 59.8 percent of the stakeholders regard it as "very important", environmental policies or guidelines - 59.1 percent and climate change/ green house gas emission - 57.9 percent. Other environmental indicators are soil and water contamination - 51.7 percent and waste treatment/ recycling - 49.4 percent.

**Fig.4. Environmental issues- what respondents wanted to see in CSR reports**

Energy/eco-efficiency	 59,8%
Environmental policy/guidelines	 59,1%
Climate protection/greenhouse gas missions	 57,9%
Environmental standards	 55,0%
Environmental management of the production process	 54,3%
Environmental management system	 52,1%
Avoiding soil and water contamination	 51,7%
Waste treatment/recycling	 49,4%
Environmental sensitive design/eco-design	 45,5%
Source of energy used	 44,3%
Use of natural resources by suppliers	 41,0%

Source: Global Stakeholders Report, (ECC Kohtes Klewes GmbH and Fishburn Hedges, 2003).

### **Social issues**

The most important social issue in non-financial reporting is how companies deal with human right. Although “human right” is quite a general topic, it has a many detailed implications for business. The global survey 2003 therefore present the views of stake holders on what should CSR reports contains as per social field with other priority given to issues as health and safety, business ethics and social standard in developing countries. This is diagrammatically represented in figure 5 below:

**Fig.5.Social issues-- what respondents wanted to see in CSR reports**














Source: Global Stakeholders Report, (ECC Kohtes Klewes GmbH and Fishburn Hedges, 2003).

## Economic issues

Figure 6. Present the response of the stakeholders in global report 2003 in relation to economic issues. Corporate governance rank highest with 57.6percent of the stakeholders wants business to report more on this aspect. Other important economic issues are sustainable development mechanism –49.7percent, business case for CSR -48 percent and risk management 47.7percent.

**Fig.6.Economic issues- what respondents wanted to see in CSR reports**




Corporate Governance	 53.8%
Sustainable development mechanism (eg sustainability balanced scorecard)	 49.7%
Business case for CSR	 48.0%
Risk management	 47.7%
Research and development	 40.8%
Quality management	 36.2%
Supply Chain management	 35.2%
Demonstration of value added chains	 32.8%
Basic business/ financial information	 32.6%
Macroeconomic aspects of business activity	 31.6%
Investments/ shareholdings	 29.0%

Source: Global Stakeholders Report, (ECC Kohtes Klewes GmbH and Fishburn Hedges, 2003).

Comparing stakeholders' expectations with the reality of today's reporting standards, it was pointed out in global report 2003 that the gap is evident. Human right is not a prominent issue in many multinational corporate reports with 62.8 percent of the respondents' express that they want companies to deal more with the social issue, and nor is an emphasis on the effective management of environmental issues. And summarily, the report reveals that the expectations of the stakeholders are highest in the social field. As only 48.7 percent see their expectations in the social field fulfilled (5.3percent "fully" and 43.4 percent " to some extent"). In contrast, three-quarter of stakeholders are satisfied with environmental information they get in reports" (10.6percent " fully", 64.1 percent " to some extent") (ECC Kohtes Klewes GmbH and Fishburn Hedges, 2003).



**Fig.7.Stakaholders' satisfaction with main issues currently covered in CSR reports**

Environmental issues		74.7%
Economic issues		57.6%
Social issues		48.7%

Source: Global Stakeholders Report, (ECC Kohtes Klewes GmbH and Fishburn Hedges, 2003).

The analysis of the stakeholders' view in global report 2003 point out an indication that there are lapses with indicators generation activities currently use by corporations. Further, it goes ahead to confirm the need to use impact assessment with reference to integrated impact assessment activity (IIA) tools to bridge the evident gap.

In order to fully comprehend the role impact assessment can play in this respect especially in managing social issues associated to Oil and Gas industry, two case studies are review as follows:

#### **Case study I review: Oil and Gas industry in Casanare, Colombia**

##### **Brief Overview.**

The location of the operation of the oil and gas exploration and production in the context of this study is Casanare, Colombia in Latin America. Casanare is situated in the Northeast of Colombia with estimated population of 270,000. Prior to the 1990's the region was economically predominantly dependent on agriculture and ranch cattle. In 1991, significant crude oil reserve were discovered and remarkably one of the largest discoveries in Latin America in the past two decades. The operator for oil production actions is the BP exploration company (BPXC). BP has operated since 1987 with several exploration and production blocks includes Cusiana and Cupiagua oil producing fields. These together account for close to half of the total country's total oil production, as production reached its peak of 434,000bopd annual average in 1999. BP exploration action no doubt affected the local economy, however the business has turned its attention to the alignment of its operations with the long-term, non-oil dependent, economic development of the wider region

##### **Social issues**

The case reveal that with ten years of oil development and production, there are significant improvement in the average standard of living in the region, with many indicators (e.g. access to health care, education, water supplies, electricity and employment) when compared to other

region. But the social problem is that these improvements have been geographical unequal, and poverty and social deprivation continues in much area in the same region. However, the governance context with reference to poor management of public expenditure within departmental and municipal government agencies; the unsustainable dependency for regional development programmes on oil-related tax revenue; and limited trust and collaboration between the three sector (community, NGO and local government) of society, associated in part with the ever present threat of political violence constitute part of factors causing the inequality and social benefit exclusion problem.

### **Corporate responsibility (BP) and impact assessment**

BPXC in Colombia realized the need for social license in addition to legal operation license. This is reflected in their social investment strategy in Casanare, aim at securing an informal license to operate from local communities most directly affected by the operations. They conducted people's survey that is an activity in the field of social impact assessment. The survey revealed the following social and economic regional priorities over the next decade:

- Long-term employment (many of the 12, 000 jobs available during the peak construction period of the oil fields have gone, leaving both local people and recent migrants unemployed)
- Vocational and business management training:
- An improvement in access to basic housing and facilities for health care, education and water;
- A reduction in the threat of violence linked to political instability.

The analysis indicates the need for compensating livelihood opportunity, with training and development of the inhabitants as a prerequisite. As many indigenous people engaged in livelihood activities that required inherited skills. BPXC positioned it self as the catalyst for three new strategic partnership (i) multi-sector department –wide forum to foster long-term, participatory (SIA element), regional economic planning and democratic development;(ii) the 'school for leadership and governance' programme which as of 2002 had graduated more than 200 candidates from government, business and civil society in the skills that include ethics, the law, social justice, conflict resolution, and community project of planning; and (iii) a joint public-private-community road projects providing access to both isolated communities and the oil exploration site of Niscota. Although, it was pointed out in the case report that it is too early to evaluate the final impact of these strategic partnership on the transition to a regional economy without oil. However, some indication can be given of the current (local employment in road construction) and anticipated benefits, especially with school of leadership and governance programme that is strengthening leadership capacity; and trained civil society having the opportunity to apply their new skills for local economic development. Adapted from Natural Resources Cluster, Business Partnership for Development- UK, prepared by Michael Warner, 2002.

## **Case study II Review: Oil and Gas industry in Niger Delta, Nigeria**

### **Brief Overview**

The Niger Delta extends over an area of about 70,000sqkm, making it Africa's largest delta. It account for 7.5% of Nigeria land mass. About one third of this area is made up of wetland and it contains the largest mangrove forest in the world (5, 400-6000sqkm), and a number of distinct ecological zones. The region traverses nine out of 36state that make up the federal republic of Nigeria in Africa. The estimated population of the region is about 20million comprising over forty different ethnic groups speaking 250 different dialects across about 3000 communities. The predominant occupations of the local inhabitant in the area are mainly farming and fishing. Oil was discovered 40 years ago in the Niger delta with the major operators are Shell and Chevron- Texaco. This section will intermittently refer to a focus community (Gbaran) for some depth understanding of the situation in Niger delta. , Its oil field was discovered by Shell in 1967. The discovery amounted to 400million bopd and over half a trillion British cubic feet of Gas. In 1991, 722-million bopd reserve was discovered. The main operator is Shell (SPDC). Oil and Gas ge nerated about 80% OF Nigeria export revenue. But, instead of the operators and states to foster development of the region, the community was paid back with long-term neglect in the provision of supporting human development infrastructure and socio-economic services. So, the prevailing situation in the region is regarded as a paradox of poverty in the midst of plenty.

### **Women and Socio-Environmental Issues in Niger delta**

Even though, the deprivation impact of Niger delta is been felt by all gender both adult and young. However, the role of women in this cultural environment left them with no alternative than to advocate for their basic rights. The re-occurring events as summarized below would suffice to capture the prevailing social-environmental issues in the region.

Recent events in the Niger Delta reveals that there is now a gender angle to environmental devastation. Few examples include the Escravos episode in which about 600 women (ages 30 to 90) held 700 Chevron Texaco workers at the Escravos terminal in July, 14 2002, Ekpan women's uprising in 1986, Okutukutu and Etegwe women protest in November 1991 due to over flooding of their farm lands caused by Gbaran link road in Yenagoa and the Obunagha community protest in 1992 due to lack of social responsibility by Shell while drilling Gbaran 1. Grievances/Demand of women include clean environment conducive for survival, jobs for their children, safe drinking water, hospital, pollution of the rivers and creeks, low farm yields, no fishes and crayfish etc. The above issues raised by the women is a clear indication that oil production which is the most crucial factor in Nigeria has impacted beyond endurance on the people of the Niger Delta. "It is the consequence of the intense pollution of the Niger Delta on the economy of the people and their general standard of life that has given birth to the phenomenon which is generally known as the Niger Delta crises.

The traditional division of labour gives the rural women primary responsibility for providing and managing natural energy sources required for the sustenance of the family household, environmental pollution places a special extra burden on her. Pollution increases the women

hours she will devote to fetching clean drinkable water, gathering forest and water products, which are crucial for food supplements, and firewood for domestic use. Overall, because the rural woman is also the last to be hired by the oil companies, she suffers a discrepant impoverishment, thereby specially deflating her collective gender status vis-à-vis men". The effect of the environment to the women of the degraded Niger Delta communities include high level of poverty, inadequate access to good antenatal care, spread of diseases, cooking with fire wood with uncontrollable smokes which may cause respiratory problems, wastage of man hours in search of clean water, teenage mothers with fatherless babies, spread of HIV/AIDS, reduction in economic activities, scarcity of medicinal plants useful for TBAs, blockage of creeks, lakes, swamps.

### **Corporate responsibility (SPDC) and impact assessment**

The corporate responsibility and the operating standards of the oil companies and businesses in the area have perpetually been seen as generally below accepted international standards. For example, oil companies carried out oil exploration and exploitation for over forty years without proper environmental impact assessments and most times, these were performed *post factum*, a situation that would be absolutely untenable in advanced countries that are home to most of the major oil companies. Niger Delta is perhaps the only oil province in the entire world where the inhabitants are compelled to cope with a spill after spill situation. However, evident is that SPDC –east carried out an EIA in the case of Gbaran, but the stakeholders were not adequately involved and the following flaws were found in the EIA report

- i) The interested groups in the main host Local Government Areas were denied the opportunity to have access to and comment on the EIA report.
- ii) No health risk analysis in the Gbaran Oil Field communities and therefore no mitigation measures.
- iii) There was no consultation with communities.
- iv) Impact on Obunagha Community was not predicted knowing the current effect of the Gbaran Link road on Obunagha Community's land.
- v) How do they (Shell) intend to reinstate adversely impacted areas to a condition suitable for the original use of the area in view of the previous impact without remedial measures? Was also missing in the report
- vi) What had happened to the withered trees as an indirect result of civil engineering activities that have changed the hydrology of the environment?
- vii) Respondent to structured questionnaires was not representative enough because they were from a particular village out of the 19 communities.
- viii) On page 77(EIA report) it was said that Banks, Police Station, Post Office, one nursing school are available in Opolo. These are non-existence making the EIA (non-physical/practical) activity, but a neighbourhood plan review.

Also, there is no doubt, that oil companies are currently doing some things for the community, However, there is a “gap” between what is lost and what is compensated, as it was expressed that the magnitude of combined material and non-material impoverishment risk and losses experienced by those displaced far exceeds the redeeming powers of narrow compensation-centred solution offered by convectional economics (Cernea, 2003) Therefore, this presents the need to understand how the gap can be closed through the use of social impact assessment tool as substitute or supplement to the convectional economics procedure

Further, the oil company argued that outside auditors had assessed its programmes in Nigeria and concluded that 93% were functional and 75% successful. And that Shell is currently working hard to improve the 25% that were not as good as they could be, one wonder what indicators the external auditors used in there auditing, judging from the revelations from the case study reviewed. It therefore suggest that Oil and Gas industry in Nigeria need to use the process of integrated impact assessment in managing their corporate social responsibility. Adapted from Niger delta Development Corporation, the Guardian Business, January 2004 and Case study of Gbaran oil field communities, Bayelsa state in Niger delta of Nigeria, produce by Tari Ebimo Dadiowei, 2003 published by Earth right institute-USA

Comparing the two case study, although, Casanare is smaller than Niger delta, the ability of BP to realise that people need to be consulted (social and participatory assessment) and target social investment (e.g. Education and leadership development programme) to the most affected by the operation save them a lot from crisis. Contrarily, the case of Nigeria reveals that neglect of people (non-participatory) and non-impact assessment. And the resultant effect is the prevailing crisis between the communities; communities and multinational; communities and the state. It appears that the current EIA approach used in Niger delta is deficient, as it does not take in full consideration of social concern that also includes conflicts. Therefore, the use of integrated impact assessment that would include conflict impact assessment for project planning and management as a components activity is suggested.

## **Conclusion**

Industrial development has great potential to reduce poverty, however the realisation of this potentials depends on the management of the consequence actions. Therefore the role of impact assessment to identifying and putting in place mitigating and compensation measures for the affected ecosystem cannot be overemphasised. Further, evident is that human being is at the centre of sustainable development and EA has proved insufficient in dealing with social issues, therefore, integrated impact assessment was suggested to bridge this gap.

CSR reporting has been seen to follow sustainability methodology, this is to make corporation act as corporate citizens, and also, in other to get unified standards, the global compact emerges. This is to make an all-inclusive global economy a reality by fostering private –public partnership, but with no ‘policing’ mechanism. Again an emphasis of impact assessment through this medium show a potential of achieving

positive result, especially with GRI producing the needed CSR reporting indicators that is in line with Global compact principles.

The global stakeholders survey on non-financial reporting did bring out the stakeholders expectation, and these point to the need to cover more social issues. Currently, social issues coverage in CSR reports did not satisfied the expectation of the stakeholders. In order to avoid the marginal reporting on social issues, integrated impact assessment was suggested.

Lastly, the case study reveals that the action of oil industry in Casanare can be a best practice to that of Niger delta. Even with Niger delta Development Corporation, the human development programme is computer training for selected people is not sufficient as “Ability minus opportunity equals frustration”. The fact remain that crucial to development of local economy in to a non-oil base is education and leadership development programme, and Casanare experience base on (corporate responsibility and impact assessment) can be adapted to fit Nigeria, Niger delta situation.

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