

# Shell Petroleum Development Company's Poverty Alleviation Programmes and the Restiveness in Bonny Rivers State, Nigeria

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**Abstract:** *The restiveness in Bonny Local Government Area of Rivers State has become worrisome. This is due to the inability of Shell Petroleum Development Company (SPDC) to render satisfactory Corporate Social Responsibility in the area, through the provision of Poverty Alleviation Initiatives like Skills Acquisition Centres and other economic empowerment programmes after destroying their means of livelihood of farming and fishing through oil exploration activities. The study examined SPDC's Corporate Social Responsibility in terms of poverty alleviation and the Spate of restiveness in Bonny. To generate credible data for proper interrogation of the problem, primary and secondary sources were adopted. Thus, an accessible population of ten communities in Bonny was randomly selected and studied. The data were analysed using mean values to answer the research questions while the hypotheses were tested using the Pearson's Product Moment Correlation Coefficient at 0.05 level of significance. The study observed that the oil exploration of SPDC caused untold hardship to the means of livelihoods of Bonny people including their farming and fishing occupations, and this led to the poverty state of the people especially when SPDC never put any contingencies programmes to cushion the poverty effects of their oil activities on the people. This led to the restiveness of the youths, hence, there were cases of Kidnapping, hostage taking, and pipeline vandalisation and so on in Bonny. The study has recommended that SPDC should improve on its welfare packages to the people of Bonny by ensuring the employment of the indigenes, putting in place poverty alleviation initiatives like skills acquisition and other empowerment programs to avoid kidnapping, hostage taking, pipeline vandalisation etc. in Bonny.*

**Keywords – Poverty, Poverty Alleviation, Youth Restiveness, , Kidnapping, Hostage Taking, Pipeline Vandalisation, Niger Delta**

## 1. INTRODUCTION

According to World Bank (2008), poverty has many faces, has been described in many ways, and changes from place to place and across time. Ali-Akpajiak and Pyke (2003) define Poverty as a plague afflicting people all over the world and is considered to be one of the symptoms of underdevelopment. The World Bank defines poverty as pronounced deprivation in well-being (WDK, 2001). The 1990 World Development Report describes poverty as encompassing not only material deprivation (i.e. Low income) but also low achievements in education and health. Aigbokhan (2000) defines poverty as the inability to achieve a certain minimal standard of living. The problems of poverty, neglect, and social exclusion are most pronounced at the local community level where these communities ought to be encouraged to participate in and bring their own agendas to bear on governance and development. Ashiomanedu (2008) accounts that the development of a country or community is measured with statistical indexes such as income per capita, life expectancy, rate and level of literacy and so on.

Poverty has no precise definition, but in the simplest form, it refers to the inability of an individual to attain the minimum standard of living. It can also be defined as a social condition characterised by inadequate access to basic human needs – foods and non-foods to sustenance of socially acceptable minimum stands of living in a given society. Some of these basic determinants of well-being include, adequate food, shelter, potable water, healthcare, education and employment opportunities (Akintola and Yusuf, 2001). Ajakaiye and Adeyieye (2001) conceptualise poverty as a function of education, health, child mortality, and other demographic variables. Poverty to them is the availability or otherwise of the above parameters. In a nutshell, poverty can be seen as a situation in which an individual is unable because of socio-economic, political and psychological incapacitation to provide for himself and his family the barest basic necessities of life.

Poverty is a cross-cutting issue with numerous dimensions. While it may be measured in terms of the income or resources of an individual, many of the conditions that perpetuate or alleviate poverty are at the communal or societal level (UNDP, 2006). Poverty in all forms, is rising at an increasingly fast rate. The World Bank has observed that the poor of Nigeria have a cash income, which is insufficient to cover minimum standards of food, water, fuel, shelter, medicare and schooling. A publication by the Central Bank of Nigeria (CBN) highlights the increasing incidence of poverty across the country. A measure of inequality and poverty indicates that poverty gap is widening with a greater proportion of the nation's wealth being concentrated in the hands of the wealthiest 20 percent of the population (Ali-Akpaejiak and Pyke, 2003).

Poverty is described as a state of deprivation and lack. The indicators and effects of poverty include low income, low purchasing power, no savings, and poor housing, and illiteracy, low level of education, dependence, poor health, poor sanitation, poor feeding and nutrition. As indicated earlier, poverty is linked to the problem of declining environmental carrying capacity. The major cause of poverty in the Less Developed Countries – LDCs with natural resources is the mismanagement of the natural resources and the environment through the concentration of the bulk of wealth and incomes in the hands of a few who have no sympathy to the plight of others. This weakens the means of the majority in engaging in other income yielding opportunities outside the subsistence agriculture, Ojungu (1992).

## 2. STATEMENT OF THE PROBLEM

The spate of killings, hostage taking, destruction of public and private property, and oil pipeline Vandalisation by the youths have become worrisome. Duru and Ogbonnaya (2012) state that between 1999 and 2007, a total of 308 hostages were recorded in the area. The activities of the restive youths lost the federal government at least 800,000 barrels of oil daily which is over 25 percent of the nation's oil output, Hanson (2007). This has made Nigerian government lose billions of dollars through insecurity created by oil bunkering and damage to oil installations and environment loss which has not been properly assessed.

### Objectives of the Study

- I. To ascertain the relationship between SPDC's poverty alleviation programmes and restiveness in Bonny.
- II. To recommend solutions to the problem.

## 3. REVIEW OF RELATED LITERATURE

Poverty alleviation is in reaction to the horrendous poverty crisis in Nigeria including Bonny in the Niger Delta. The high incidence of poverty in Nigeria has made Poverty alleviation strategies important policy options over the years with varying results. Measures taken to combat poverty and promote development in the country started at the beginning of Nigeria's Statehood Hussaini, (2014).

Contributing, Salifu (2014) explains that poverty alleviation programme is an interim measure introduced early in 2000 to address the problems of rising unemployment and crime waves, particularly among the youths. The programme aims at improving the welfare of Nigerians. According to him, to reduce the problems of unemployment, and hence raise effective demand in the economy; increase the productivity of the economy and reduce the crime waves in the society. In order to achieve these objectives, several measures were taken. Emphasis was placed more on the creation of jobs through public works schemes. To this end, avenues were provided for the gainful employment of 200,000 idle hands. This aspect of the programme was designed to provide jobs for at least 5000 unemployed youths in each state of the federation.

Poverty alleviation must be a conscious and genuine effort by government and other related institutions in order to ensure development. The starting point must be a policy that will impact on the people in terms of generating and sustaining the supply of the basic needs. Development remains impaired where sustainable poverty alleviation policies are not in place where unemployment, low income, and where absolute lack of material possession are widespread (Ojungu, 1992). According to him, good policies on housing, food security, water supply and technology base contribute to poverty alleviation and enhance development.

## EMPIRICAL REVIEW

The exploration for oil in the Niger Delta has brought misery to the Niger Deltans as the discovery of oil by SPDC has not affected them positively. There is an intense feeling among the people of Niger Delta that they should be doing far better than other regions in Nigeria UNDP, 2006). These indications which are particularly shocking when the resource endowments of the region are considered, and driven by a wide range of factors. A recent workshop, conveyed by the World Bank and comprised a highly distinguished panel of experts on the Niger Delta titled "Social and Conflict Analysis of the Nigerian Niger Delta" identified eight issues that characterise the Niger Delta (World Bank, 2007).

### 1. Social and Political Exclusion

The two post-military national elections (1999-2003). The political process here is held in complete mistrust and considered exclusionary and corrupt. Formal institutions have been eroded and the youths have turned to restiveness and military to challenge the government and SPDC for failing in their duties (World Bank, 2007)

### 2. Economic Exclusion

Despite substantial resources flows to the government, and significant natural resources endowments, the people of the Niger Delta are destituted. The panel described the Niger Delta as an "iconic representation of destitution amongst the possibility of wealth". The people of the Niger Delta feel excluded from the oil wealth generated by their resource-rich region substantiated by the region having the highest rate of unemployment in Nigeria (World Bank, 2007). Remote

communities have very limited economic opportunities and often cannot tap directly into the employment benefits of Shell (UNDP, 2006).

**3. Poor Governance and Corruption**

Corruption especially at the state and local levels is endemic and at the root of many of the regions problems. Large sums of money are received from both state and local levels, but there is little evidence of this being applied to productive development endeavours. This situation exacerbates the sense of hopelessness, exclusion and anger of the citizenry of the Niger Delta, who have lost faith in the existing governance structures (World Bank, 2007).

**4. Poor Infrastructure and Public Service Delivery**

The World Bank (2007) describes the current situation in the Niger Delta as “Akin to human emergency” and UNDP describes infrastructure and social services as “generally deplorable” (UNDP, 2006). The general neglect of infrastructure by SPDC and government, often rationalised by the difficult terrain of the region, has worsened the populations’ access to fundamental services (UNDP, 2006) for example, communities in Bonny in the state of Rivers lack basic services such as water, education, healthcare, and electricity, and jobs are hard to come by. There is no local government office in villages, the primary schools lack chairs, and desks, and the nearest hospital, which lacks medicines and equipment, is more than twenty kilometres away (International Crises Group, 2006). This explains the poor human development of the region.

**5. Environmental Degradation**

Oil exploration and production have led to environmental damage on many levels: land, water, and air pollution, depletion of fishing grounds and disappearance of wetlands (World Bank, 2007). These environmental changes have had significant implications for local livelihoods, and the alleviation of the people from their resources and land has led to the inefficient use of resources that remain poor or inequitable land use practices (UNDP, 2006). Measures to counter balance environmental damage by the federal government and SPDC are inadequate and this is a major focus of communities’ discontent thereby resulting in various degrees of restiveness in the Niger Delta in general and Bonny in particular (World Bank, 2007).

**6. Escalating Violence and Disorder**

The democratisation of the means of violence has emerged, as the state has lost monopoly of power over the use of force. This violence has emerged in many forms, and exists between communities over host community issues, resources and land claims, surveillance contracts; within communities over compensation distribution between communities and SPDC, and between communities and security forces. These conflicts often coincide with or are justified in terms of ethnic differences (World Bank, 2007). Persistent conflict, while in part is a response to the regions poor human development, also serves to entrench it as it is constant drag on the region’s economic performance and opportunities for advancement (UNDP, 2006).

**7. A Vicious Cycle of Violence**

Conflict has become militarised with the intensive proliferation of arms, sabotage, hostage taking and the emergence of warlords and youth cults. This process is fuelled by illegal bunkering of oil fuel (World Bank, 2007). Since January 2016, the movement for the emancipation of the Niger Delta (MEND) has been central to the violence (International Crisis Group, 2006).

Osuike (2007) argues that the Niger Delta case demonstrate how huge investment in export-focused non-renewable resources extraction can exacerbate conflict and local impoverishment rather than promote development. According to him, the Niger Delta is marred by massive poverty, unemployment, environmental degradation occasioned by the exploration of crude oil by SPDC and corrupt systems of governance.

Essentially, while the Niger Delta produces oil wealth that accounts for the bulk of Nigeria’s foreign earnings, these vast revenues have not translated into improved human development outcomes for the Niger Delta population (UNDP, 2006). The slow rate of systemic reforms, and lack of jobs, water, school, electricity in many parts of the Niger Delta have boosted support for insurgents such as the Movement for the Emancipation of the Niger Delta (MEND) (International Crisis Group, 2006).

Energy availability is poor despite the region’s provision to the United States with one example, most states in the Niger Delta region like Bayelsa is not linked to the national electric power grid (UNDP, 2006). Similarly, while the Delta region has a dense network of fresh water distributions, and vast ground water reserves, no part of the region has a regular supply of potable water (UNDP, 2006)

The UNDP (2006) records that there is a significant disconnect between the wealth the Niger Delta generates for Nigerian government and the SPDC extracting oil from the region, and the region’s human development progress. Ojungu (1992) avers that in order to ensure meaningful poverty alleviation and development, there must be an appropriate technological base. Provision of an appropriate technology base requires establishment and other tertiary institutions to train and equip sufficient man-power in varied fields of science, engineering, and technology. The trained manpower will bring absent the needed technologies, power

systems and other technological innovations needed for development thereby eradicating poverty. A blend of the indigenous technologies with the advanced technologies including fabrication will ensure a faster pace of poverty eradication and foster development.

The Niger Delta case is different in the sphere of poverty alleviation. Shell Petroleum Development Company (SPDC) which has had decades of oil exploration activities in the region has in the process devastated the farming and fishing occupations of the local communities thereby rendering them unemployed and poor. Unfortunately, there is no sustainable programme on poverty alleviation as a measure against the frustration of joblessness and poverty caused by Shell’s oil explorations. To this end, the youths engaged in restiveness and this is why UNDP (2006) reports that there is significant disconnect between the wealth the Niger Delta generates for the federal government and Shell Petroleum Development Company extracting oil from the region, and the region’s human development progress. This explains the spate of killings, hostage taking activities, pipeline Vandalisation, oil bunkering and general break down of law and order in the area. Also, the resource curse has indeed gripped Nigeria and the Niger Delta, and the failure of the country and this region to translate the enormous oil wealth derived from the region into human development progress is emblematic of this. Indeed, the Niger Delta case demonstrates how natural resources, endowments do not necessarily translate into welfare gains (Higgins, 2009).

**THEORETICAL REVIEW**

There are a number of theories on “whether” or “not” Corporate Social Responsibility should be incorporated in firms’ activities by different scholars. The concept of Corporate Social Responsibility means that organisations have moral, ethical and philanthropic responsibilities in addition to their responsibility to earn a fair return from investors and comply with the law. It has been argued that by Friedman (1970) that the Corporation’s sole responsibility is to provide maximum financial returns to shareholders, while others are of the view that business owes responsibility to a wide range of groups in the society.

This study is based on the stakeholders’ theory as propounded by Freeman in 1970. According to him, a firm can be described as a series of connections of stakeholders that managers of the firm attempt to manage. Stakeholder, according to Ofondu (2014) is a term which denotes any identifiable group or individual who affect or be affected by the products, policies and work process. Modern business is intimately integrated with the rest of the society. It is not some self-enclosed world, like a small study group rather, business activities have profound ramifications throughout society, and their influence on people’s lives is hard to escape. Therefore, corporations like Shell Petroleum Development Company should dispense responsibilities to host communities because of its great social and economic power.

**4. METHODOLOGY**

The study is a quantitative one, and as such, primary and secondary sources of data collection were adopted. An accessible population of 10 communities in Bonny was randomly selected and studied as the data were analysed using mean values to answer the research questions. The hypotheses were tested with the Pearson’s Product Moment Correlation Coefficient at 0.05 level of significance. A total of 394 questionnaires were distributed, and on the whole, 388 copies were completed and returned.

**Testing of the Hypotheses**

The Pearson’s Product Moment Correlation Coefficient, r was used in testing the hypotheses. The value for r, the PPMCC, r was obtained as  $r = 0.344$  which indicates a weak linear correlation between SPDC’s poverty alleviation and the restiveness in Bonny.

Decision Rule at 0.05 level of significance

- I. Reject the null hypotheses where the  $t_{cal}$  is greater than the  $t_{tab}$  at 0.05 level of significance
- II. Accept the null hypotheses where the  $t_{cal}$  is less than the  $t_{tab}$  at 0.05 level of significance.

**The Hypotheses:**

$H_0$ : There is no relationship between SPDC’s Poverty alleviation programmes and the restiveness in Bonny.

$H_a$ : There is relationship between SPDC’s poverty alleviation programmes and the restiveness in Bonny.

**Data on SPDC’s Poverty Alleviation Programmes and the Restiveness in Bonny**

S/N	X	Y		X	Y
1	81	67	21	50	89
2	88	57	22	44	51
3	28	59	23	67	61
4	55	91	24	89	81
5	60	104	25	102	30

6	63	78	26	57	74
7	70	61	27	38	57
8	51	67	28	60	60
9	50	82	29	72	75
10	61	67	30	89	44
11	12	21	31	47	17
12	21	46	32	48	43
13	57	31	33	35	47
14	50	12	34	27	17
15	57	19	35	1	59
16	39	27	36	41	13
17	16	29	37	67	42
18	59	36	38	33	25
19	40	8	39	7	20
20	17	3	40	3	60

**Source: Fieldwork 2018**

The result of the PPMCC,  $r$  shows that  $r = 0.344$  which indicates a weak linear correlation between SPDC's poverty alleviation programme and the restiveness in Bonny.

Testing of the hypotheses using the result of  $r = 0.344$ . We obtained  $t_{cal} = 14.23$ , while the  $t_{tab} = 2.024$  and therefore, the null hypotheses is rejected while the alternative is concluded.

### Discussion of Findings

- The study reveals that the oil exploration of Shell has caused untold socio-economic hardship to the people of Bonny in particular, and the Niger Delta in general hence poverty is high in the area
- The restiveness in the area has been as a result of Shell's inability to put in place contingency programmes to cushion the poverty effects of their oil exploration on the people.

### 5. CONCLUSION AND RECOMMENDATION

The conclusion by this study is that the inability of Shell Petroleum Development Company to improve on the living standards of Bonny people due to its profit-motive cultivated in the restiveness. Thus, the study has recommended that Shell Petroleum Development Company should as a matter of fact put in place robust poverty alleviation programmes like skills acquisition centres and youth empowerment schemes to enable the youths to participate in the development of their areas.

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