

Assessment of Oil Companies Compensation on Catchment Communities in Eket Local Government Area, Nigeria.

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Abstract

This paper seek to evaluate the extent of compensation given to the catchment communities in Eket Local Government Area whose ecosystem has been degraded to oil companies prospecting for crude oil. Two communities were used for this study which includes, Ubenekang and Mkpanak and information such as oil companies activities, causes of oil spillage, effect on the ecosystem and the extent of compensation were captured in the questionnaires which were administered to one thousand respondents using random sampling technique. The data collected show that oil companies in the area have contributed to environmental degraded of the communities in the area which was also evidenced in the tested hypotheses which show that the impact of oil companies activities on the environment outweigh the level of compensation given to catchment communities.

Introduction

In recent time the leading mineral resources in Nigeria is oil and is worship by men as a sources of wealth, adores by nations as a source of political leverage. In Nigeria, it is estimated that Nigeria earns over 90 percent of its foreign exchange and over 30 percent of Government revenue from the petroleum industry. This has led to the operation of many foreign oil companies in Nigeria such as shell, Agip, Texaco and Mobile. However, this increase in oil companies has placed enormous pressure to the oil producing communities due to increase seismic and sundry oil prospecting production activities in the area. However, due to negative impact of oil companies activities on the host communities and without effective measures put in place by the oil companies to adequately compensate the affected communities. The issue of compensation of oil companies operating in the Niger Delta region has been addressed in the Nigeria constitution and a few other enactment which are the oil pipeline ACT Cap 338, LFN 1990. The constitutions of the federal republic of Nigeria provide that economic valuables while the oil pipeline act provide for compensation only when there is a leakage. In Eket Local Government Area natural ecosystem where the people depend upon has seriously been affected such that forest areas abundant wildlife and fertile agriculture land where food crop such as rice, sugar cane, have oil been depleted. Beside, the famous aquatic ecosystem which the people depend upon has been polluted by the oil spillage cause by oil companies activities such that there is depletion of aquatic life hence leaving the people with no other alternative of livelihood. However, despite the high level of degradation of the environment by the oil companies, no adequate effort has been put in place to ensure effective compensation of those affected by the oil spillage. A part from this, the constitutional provision made by the federal Government of Nigeria on the compensation for those communities and individuals whose properties have been destroy by oil spillage from oil companies activities have not been fully implement by the oil companies operating in the area. The in effective implementation of the constitutional provisions for compensation is the affected communities and individual as led to improper valuation of the extent of damage caused by oil spillage on the people's environment. More so, even when the extent of damage caused by oil spillage is value, the impact is not translated into financial terms hence setting a framework of adequate compensation to the affected communities and individual caused by the oil spillage from oil companies activities. Furthermore, in most cases when the funds are release, the elites in the affected communities rather divert the money into their selfish uses hence depriving the affected communities and individual whose lives have been affected by oil spillage from being compensated and in most cases .no adequate compensation is given to the people which is the background of this paper to critical assess the extent of compensation given to catchment communities around the oil company's activities zone with specific reference to assessing oil companies activities, cause of oil spillage, effect on the environment, socio-economic livelihood and compensation measures given to the catchment communities whose lives have been drastically affected by oil companies prospecting for crude oil in the area

Mythology

This people was conducted within the confine of Eket Local Government area taking into the consideration this countries such as Ubenekang and Mkpanak However, two hundred copies of the questionnaire were

administered to the two communities of which one hundred questionnaire were administered to each community using random sampling technique. Information such as oil companies' activities causes of oil spillage effect on the environment and socio-economic livelihood of the people and compensation measure to correlation communities were also captured in the questionnaire. Nevertheless two hypotheses were stated and were tested using Pearson's Product Moment correlation which tries to assess if or not there is a relationship between activities of oil compensation and compensation given to catchment communities.

Concept of Compensation

Today many scholars have given different definition and meaning on the concept of compensation. However, Udom (2005) define compensation as means "a payment to induce the owner to forget a compulsory sacrifice." In the opinion of Umezurire (1998) as quoted by Akpan(2005), compensation prima facie means recompense for loss and when an owner is compensated for deprived of his real property, his pecuniary loss must be ascertained by determining the value to him. In agreement with Udom (2005) therefore fair compensation is seen as a payment made to enable to forget a compulsory sacrifice, but in strict accordance with set down rules, while Adequate compensation is more encompassing than a fair compensation. This is because compensation can be fair but not adequate. The words compensation can be used to mean restoration to position before it is therefore retitutionary in nature hence; it matter little whether the things being restored is real or personal. The same meaning applies in either case. Its purpose is to place the owner in an equivalent or almost the same condition or position before the deprivation. The concept of compensation has found particular relevance. In the practice of Estate surveying and valuation under indemnity. The purpose of compensation as affirmed by Udo Ekamen (2002) is to place in the hands of the displaced owner the full equivalent of the thing of which he has been deprived of. The principle of value established in the English Legal system (from when the Nigerian legal system takes its next in the celebrated case of *HARVERY V. CRAWLEY DEVELOPMENT CORPORATION* (1957) Another celebrated case of *HORN SUNERRLAND CORPORATION* (1941). Lord Justice Scott advance the cause that compensation must reflect the value under the circumstance to the person compelled to sell. According to the learned Judge, this value is inclusive of damages for loss of business, loss of goodwill and demotion in profits among others. Concept and nature of compensation emanated from the concept of compulsory acquisition. The system of land ownership was communal in nature. With this practice, titles to land within the community belong to the community as a whole. The community head of council as the case may be supervised the allocation of land whoever acquires it either for residential or farming purpose. However, when the need arose for a community to acquire land suitable area (s) for such purpose after all those occupying those and for whatever purposes will be given other places and time to relocate and thereafter, the community will embark on the project. Therefore, the concept of compensations is not a new phenomenon since it date to the pre – colonial era, (Opeafer, 2006). In applying the principle of compensation, the concept of value should be given its rightful interpretation. Value is the present worth of future anticipated benefits that flow from the interest in real property. It should be noted that the concept of market value is central theme in estate management and valuation profession. Market is a medium, a measure standard or a common denominator against which value is determined (Itediora 1999). The open market for a reasonable period assuming there is a willing buyer and a willing seller both of whom have a full knowledge of the market condition. Basically, the concept of compensation for damages is based on the principle of equivalence. The factors that usually influence the magnitude of ecological disturbance due to oil pollution and the quantum of compensation are due to the nature of Nigeria crude oil, the pollution of the community, the cleanup method adopted among others. For instance, the Nigeria crude oil is very light with low viscosity and tends to be more volatile and toxic, this toxic nature of the crude results in extensive damage to the ecosystem. Udechi (2000) stated that, it is not mandatory in part IV of the oil pipeline act 1956 and schedule 1 section 2 of the petroleum decree, 1969 for "the holder of an oil explorative license, oil prospecting license or oil mining leases" to pay adequate compensation for any damage done to the property of the owner of occupiers. Of the land on which the licensee is exerting his right under the concession, he must also pay compensation for the injurious affection or disturbance arising from his action. It must be realized that an expropriated owner essentially suffers a sense of loss since ownership of real estate, the loss of regular financial income derivable from it apart. Monetary reward is only palliative but not a panacea for dispossession of land. There has been series of international connections, which enjoy petroleum operators to take utmost care to avoid pollution of navigable or territorial waters. The United Nations Convention on the Law of the Sea 1982 established certain rules dealing with the marine pollution. These conventions bind the contracting countries and enjoy any operator, which through its activities or negligence caused any damage to any property belonging to another to pay adequate compensation (Udechi, 2001). In Nigeria, there are various legislations and regulations and these legislations are explicitly directed to controlling oil pollution for

example, oil in navigable water Act 1968 amounts others, while others are of general nature which can be interpreted to encompass the activities of oil. The basis of compulsory acquisition of private property by government tends from its powers of eminent domain. In international law, the state is regarded not only as having the power of disposition over the whole of the national territory but also the representative owner of both the national territory

Oil companies activities in the catchment communities

The activities of the oil companies presented in table 1 indicate that the major activity of the oil companies in the areas was petroleum products sales and transportation with values of 20.5% respectively. It was observed in table 1 that crude oil exploration and exploitation were also the another oil companies activities in the areas with values of 13.5% and 15% while oil refining was on the least side with value of 11%

Table 1: Table 1 Activities of the oil Companies in the Areas

Oil companies activities	Ubnekang	(%)	Mkpanak	%	Total Average (%)
Crude oil exploration	12	12	15	15	13.5
Crude oil exploitation	13	13	17	17	15
Crude oil refining	9	9	13	13	11
Petroleum products sales	17	17	24	24	20.5
Petroleum products transportation	24	24	17	17	20.5
All of the above	25	25	11	11	18
Others	0	0	3	3	1.5
Total	100		100		100

Sources: Field survey 2012

Causes of oil spillage in the catchment communities

The causes of oil spillage which has devastated the ecosystem of the catchment communities as presented in table 2 indicate that over 23.5% of the sampled population are of the opinion that pipeline damage constitute the major causes of oil spillage in the areas followed by poor maintenance with a value of 10.5%. However, it was observed that crude oil overflow was another causes of oil spillage in areas with a value of 9% while carelessness of oil workers and deliberate discharge of oil by the company were on the least side with values of 7.5% respectively. Nevertheless, it was observed that over 40.5% of the population sampled agreed that all the aforementioned variables are the causes of oil spillage in the communities where the companies are operating

Table 2 Causes of Crude Oil Spill in the catchment communities

Cause of oil spillage	Ubnekang (f)	(%)	Mkpanak (f)	%	Total Average (%)
Pipeline damage	24	24	23	23	23.5
Crude oil overflow	13	13	5	5	9
Poor maintenance of oil facilities	12	12	9	9	10.5
Carelessness of oil workers	4	4	11	11	7.5
Deliberate discharge of oil by the company	3	3	12	12	7.5
Others	2	2	1	1	1.5
All of the above	42	42	39	39	40.5
Total	100	100	100	100	100

Sources: Field survey 2012

Effect of oil spillage on catchment communities

The effect of oil spillage on the environment presented in table 3 show that about 54.5% of the sampled population affirmed that all the mentioned variables in table 3 are the effect of oil spillage in the catchment

communities. It was indicated in table 3 that the oil spillage drastically affected the land which is where the catchment communities depend upon for survival with a value of 23.5% followed by water bodies while the effect of oil companies on the atmosphere was on the least side with a value of 8.5%

Table3 Aspect of Environment Affected by Oil Spillage in the Area

Effect of oil spillage On the environ	Ubekakang (f)	(%)	Mk panak	(%)	Total Average (%)
Water bodies	13	13	14	14	13.5
Land	25	25	22	22	23.5
Atmosphere	10	10	7	7	8.5
All of the above	52	52	57	57	54.5
Total	100	100	100	100	100

Sources: Field survey 2012

Impact of oil spillage on socio-economic livelihood

The impact of oil spillage on socio-economic livelihood presented in table4 revealed that over 42% of the sampled population revealed that all the aforementioned variable in table 4 are the impact of oil spillage on socio-economic livelihood of the catchment communities. Table4 indicate that pollution of drinking water, loss of aquatic lives farmlands were the major socio-economic impact of oil spillage on catchment communities with values of 16.5%, aquatic lives and 11% respectively. More so, it was observed that oil spillage has impacted on the socio-economic lives of the people through reduction in crop yield and heat generation with values of 8% which may cause death of domestic animals in the areas

Table 4 Impact of Oil Spill on the Socio-economic Livelihood of the Inhabitants of the Area

Oil spillage Impact	Ubekakang	(%)	Mk panak	(%)	Total (%)
Pollution of farmlands	13	13	9	9	11
Pollution of drinking water	18	18	15	15	16.5
Loss of aquatic lives	14	14	10	10	12
Reduction in crops yield	10	10	15	5	7.5
Heat generation	12	12	4	4	8
Others	2	2	4	4	3
All of the above	41	41	43	43	42
Total	100	100	100	100	100

Sources: Field survey 2012

Compensation measures to catchment communities

The level of oil companies compensation to communities whose livelihood have been drastically affected by oil spillage presented in table5 show that over 49.5% of the sampled population in the sampled communities revealed that all the indices presented in table5 are the various compensation given to the catchment communities where the companies are located. However, it was observed that communalities within the catchment zones were given money and scholarship as compensation measures by the oil companies as a result of their impact on the environment with values of 15.5% and 10.5% respectively. Although, it was observed in table5 that food items and building materials were also given to catchment communities as noticed in table5 with values of 8% and 6.5%. This result was also evidenced in the result obtained from the tested hypothesis in the two catchment communities which from the correlation result, a correlation coefficient (r) value of correlation 0.93 and a coefficient determination value of 86.49% were obtained. This correlation and coefficient results show a strong positive correlation between the activities of the oil companies and level of

compensation in the area Ubenekang Accordingly, the result obtained from the correlation between oil company's activities in Mkpanak community indicate that from correlation result a correlation coefficient (r) value of 0.89 and a correlation coefficient determination of 78.43% were obtained. However, from the two coefficient determination result obtained from the tested hypotheses which try to examine if or not a relationship exist between oil companies activities and compensation to the catchment communities under investigation, it was observed that the impact of oil companies activities on the environment outweigh the level of compensation given to catchment communities. However the two correlation tables 5 and 6 as presented below

Table:5 Correlation Between Activities Of The Oil Companies And Compensation Received In Ubenekang Community

S/N	X	Y	X-x	Y-y	(x-x)(y-y)	(x-x) ²	(y-y) ²
	13	14	-1.3	-0.3	0.39	1.69	0.09
	12	6	-2.3	-8.3	19.09	5.29	68.89
	9	5	-5.3	-9.3	49.29	28.09	86.49
	17	6	2.7	-8.3	22.41	7.29	68.89
	24	11	9.7	-3.3	32.01	94.09	10.89
	25	3	10.7	-11.3	120.91	114.49	114.49
	0	55	-14.3	40.7	582.01	204.49	1656.49
Σ	100	100			826.11	455.43	2006.23
X	14.3	14.3					

Source: Data analyses 2012

Table 6: Correlation between Activities Of The Oil Companies and Compensation Received Mk panak Community

Activities X	Compensation Y	X-x	Y-y	(x-x)(y-y)	(x-x) ²	(y-y) ²
15	17	0.7	2.7	1.89	0.49	7.29
17	10	2.7	-4.3	11.61	7.29	18.49
13	5	-1.3	-9.3	12.09	1.69	86.49
24	7	9.7	-7.3	70.81	94.09	53.29
17	10	2.7	-4.3	11.61	7.29	18.49
11	7	-3.3	-7.3	24.09	10.89	53.29
3	44	-11.3	29.7	335.61	127.69	882.09
100	100			467.71	249.43	1119.43
14.3	14.3					

Source: Data analysis 2012

Table 7: Compensation Received in an Advent of Oil Spill in the Area

Options	Ubekakang (f)	(%)	Mkpanak (f)	(%)	Total (%)
Money	14	14	17	17	15.5
Food items	6	6	10	10	8
Building Materials	5	5	5	5	5
Employment Opportunities	6	6	7	7	6.5
Scholarships	11	11	10	10	10.5
Others	3	3	7	7	5
All of the above	55	55	44	44	49.5
Total	100	100	100	100	100

Sources: Field survey 2012

Furthermore, the monetary value obtained by catchment communities presented in table 8 show that out of the two hundred sampled population about 29% and 16.5% received twenty to thirty thousand form oil companies as compensation. Table 6 also indicate that 13.5% of the samled population seem to receive either ten to forty thousand and 15.5% received up to forty one thousand and above while 10% received below five hundred

Table 8 Monetary Compensations Received in the Area

Options	Ubekakang (f)	(%)	Mkpanak (f)	(%)	Total (%)
Below N500	5	5	15	15	10
N5100-N10000	15	15	12	12	13.5
N10100-N20000	16	16	21	21	16.5
N21000-N30000	31	31	27	27	29
N31000-N40000	15	15	12	12	13.5
N41000 and above	18	18	13	13	15.5
Total	100	100	100	100	100

Sources: Field survey 2012

Furthermore, the monetary value obtained by catchment communities presented in table 9 show that out of the two hundred sampled populations about 29% and 16.5% received twenty to thirty thousand form oil companies as compensation. Table 8 also indicate that 13.5% of the sampled population seem to receive either ten to forty thousand and 15.5% received up to forty one thousand and above while 10% received below five hundred

Table 9 Monetary Compensations Received in the Area

Options	Ubekakang (f)	(%)	Mkpanak (f)	(%)	Total (%)
Below N500	5	5	15	15	10
N5100-N10000	15	15	12	12	13.5
N10100-N20000	16	16	21	21	16.5
N21000-N30000	31	31	27	27	29
N31000-N40000	15	15	12	12	13.5
N41000 and above	18	18	13	13	15.5
Total	100	100	100	100	100

Sources: Field survey 2012

Recommendations

Today, in spite of the positive impact of oil companies to catchment communities, the level of negative impact on the natural ecosystem and community livelihood outweigh the positive impact. Besides, the level of compensation from the tested hypotheses show that much is still needed to be done to enforce compensation by the oil companies to catchment communities. To this end, this study recommends the following that would enhance compensation to oil communities

- 1.The government should ensured that oil companies adhered to compensation Act of the Federal Republic of Nigeria as it concern oil producing communities
2. The government should set up a task force that would monitor oil companies as regards to compensation to communities.
3. The government should appoint a public relation officer the liaise between the government, companies and the communities, this would help to foster understanding between the parties involved in compensation issues.
4. The government should set up a committee that would value the affected individual properties, this would help reduce conflict during compensation.
5. The government should monitor the activities of community elders, chiefs that in most cases pocket all what is meant for communities as compensation from oil companies.

Conclusion

This paper which critically x-ray the activities of the oil companies on catchment communities with respect to compensation show that even though the oil companies have attracted some incentives to the communities the level of devastation on the natural ecosystem and community livelihood is so overwhelming as evidenced in the tested hypotheses which show that the companies activities overweigh the level of compensation by the oil companies to communities. Therefore, adequate measures must be put in place by all the stakeholders in order to ensue effective and adequate compensation to catchment communities where these companies are operation.

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