CHAPTER – VII

OVLs OVERSEAS ENERGY ENGAGEMENTS: STRATEGY FOR SUSTAINABLE PARTNERSHIP
Analysis in the preceding chapters underlines that the leading threat the oil companies are facing in the region specially in Africa, emanates from the ineffective governance reflecting in rise of popular discontent, corruption, lack of transparency, human rights violations, etc. It is further pointed out that in the oil based rentier economies, the authoritative and centralized nature of the state have contributed in alienating the communities. Consequently, many oil companies have been facing resistance from the communities leading to even closing down of their units. The pressure of governance has oflate made the states to revisit their policy. Among the major changes initiated in energy governance include the role of companies in social engagements. In a more comprehensive sense, the policy of corporate social responsibility (CSR) is advocated as vital strategy for energy partnership between the company and the communities. In this chapter attempt has been made to analyze the rationale and effectiveness of CSR policy in making the energy partnership sustainable. It will also examine CSR as a factor in making India’s energy engagement in the region sustainable.

**Challenges faced by the Extractive Industry with special reference to the Oil and Gas Industry**

Corporate Social Accountability has been viewed as one way of guaranteeing investments and enhance good governance. While, West Asia and Africa is driven by several interests, the oil companies have made certain attempts at improving the lives of the people and give an ear to their grievances. While, the highly influential assets of the oil corporations make it difficult for affected communities to challenge them through legal action, without serious reforms by the respective governments and the companies, the region will continue to be marginalized and volatile. However, multinational corporations (MNCs) also bear serious responsibility for the violence. Oil companies’ cooperation with human rights violations makes them guilty in this repression. MNCs also contract militant or criminal factions for protection, to avoid becoming targets of violence, thereby encouraging it. Companies like ExxonMobil have come under scanner in Aceh, Indonesia, where it was alleged that members of the Indonesian national military, who had been recruited by ExxonMobil to provide security for its gas extraction and liquefaction operations, has committed acts of
torture, rape and murder against the local population. Today, it is expected that the corporations act in a socially responsible manner in order to avoid or minimize the risk of causing or contributing to any damage (human or environment). However, with reference of states having huge corruption rates, ethnic - religious and racial divisions, the road to a right corporate conduct can be a rough one.

Oil dependent states like Nigeria, Sudan, Libya and Angola do manifest similar political traits. There is a lack of accountability, which results to massive levels of corruption with leaders staying in power for decades or becoming presidents for life. Wealth is distributed unevenly among the elites leaving the poor to their status. The oil companies have also not paid much attention to the needs of the local people. Hence, low literacy rates, lack of education and health needs, have fueled insurrections, uprisings and civil wars. In some of these countries, there are neither political debates nor daily newspapers, e.g., Equatorial Guinea. In Angola, where 90 per cent of government revenues come from oil, two-thirds of the population has no access to clean water. An IMF audit revealed that $4.2 billion of oil revenues went missing between 1996 and 2001. In addition to these, the oil corporations have done little to better the lives of the people. The relations between host indigenous communities and the oil companies have been quiet stringent.

Efforts to get the oil companies and government to address the growing anger of the local communities have subsequently met with failures. As a result, the extractive industry has been facing grave resentment from the local population. More than in any other sector, investments in the oil and gas industry have far-reaching social implications for a host country. Their impacts can be at the local level concerning the local people to the national level concerning human right violations or corruption. The oil companies should particularly pay attention to the protection of human rights of these communities. Accounting failures, non-transparency, corruption and polluting environment have all taken a heavy toll. In response to this, the oil companies are looking for ways to restore the trust of the local population in the countries they operate. "In this regards, in 2002, the British Prime Minister Tony Blair announced the creation of the Extractive Industries Transparency Initiative (EITI\textsuperscript{1}) at the World

\textsuperscript{1} EITI participant countries include Azerbaijan and Nigeria. Countries officially supporting the initiative are Australia, France, Germany, the Netherlands, Norway and the United Kingdom. Major
Summit on Sustainable Development. The EITI focuses on enhancing government capabilities and reducing corruption in countries rich in natural resources” (Chen March 2007: 14 & 15).

The people in these countries have the right on the resources, while they receive an uneven share of profits. Human rights violations are another factor that has created problems in the normal working of a company. The main obligation for protecting human rights of the individuals lie with the countries, while it also includes oil corporations, since they are accused of large – scale displacement, thereby causing human rights violations. Host countries have a duty to protect their citizens against human rights abuses. This function of the host governments also extends to the protection of the local communities against unacceptable behavior of the oil companies. The continuous process of oil extraction has drastically reduced the ability of the local communities to engage in traditional economic activity. Polluting oil operations have decimated the ecology. Fishing and agriculture, which has been a traditional occupation is no longer possible in many regions. Lacking educational infrastructure, malnourishment and diseases have had severe impact on the region. It is in this light that, the below discussed issues are important for the governments and the companies for a sustainable partnership.

- **Oil Wealth:**

The prime cause of people’s resentment dates back to the period when these countries began to reap oil wealth, without making any efforts to carry the people along. This has also led to the kidnapping of oil companies’ employees for ransom, increased cases of oil bunkering, proliferation of arms and ammunitions, deaths and annihilation of village communities. This has had tremendous implications for the companies as well as their profile within and outside the continent. The oil wealth has been a curse to most of the population in West Asia and specifically Africa. The oil rich nations across the world get huge oil revenues and is important that these funds are utilized to promote the community’s welfare and development. Without managing these revenues for the local population, the hydrocarbon reserves in these countries is a
‘resource curse’. For e.g., “in Nigeria, oil accounts for 80 per cent of government revenue and 90 per cent of foreign exchange earnings. In Angola, oil provides 60 per cent of GDP and 90 per cent of government revenue” (Maidment 3rd October 2003: 2). Even then, “most people survive on less than $ 2 a day” in Angola (Oil helps Angola but poverty rife 30th March 2006). Despite earning over $ 100 m a day from oil exports, Nigeria and Angola are ranked among the 30 poorest countries in the world (Goldman 9th March 2004).

In nearly all the energy rich states, there is a serious lack of transparency about the allocation of the revenue from extractive activities between the oil corporations and the governments. This has further aggravated corruption leading to further resentment within the people. The corruption happens to be at number of levels - the privatization of public office by state functionaries (especially within the oil ministry and state oil company); the looting of oil revenues by well - placed military and political representatives; the use of signatory payments by oil companies to acquire oil blocks; kickbacks for various contracting work; the use of oil mortgages to acquire loans from international financial institutions (as the basis for personal gain); illegal commissions; and, illicit oil – for - arms deals (Watts 25th July 2005: 17). The companies and the host governments should publish what they pay (PWP) so that the indigenous people know how much money is coming into the country and how this money is spent.

- Human Rights:

Oil operations are mostly located in the territory of indigenous people, for e.g., Nigeria, Sudan, Angola, etc. Niger Delta (Nigeria) is made up of nine states and has an estimated population of about 26.7 million (2004). These states are Abia, Akwa - Ibom, Bayelsa, Cross River, Delta, Edo, Imo, Ondo and Rivers. Niger Delta comprises of around 31 million people of more than 40 ethnic groups. In many countries across the world, the oil companies operate in conditions of absolute violence and amidst civil war. Most of Sudan’s oil is found in old Upper Nile Region – ‘Bentiu’. Its first oil was discovered in Muglad Basin (Western Upper Nile) and Melut Basin (East White Nile). Sudan’s major fields are - Heglig, Unity, Adar Yeil, Tale, Thar Jath, Mala and Fula. Angolan reserves are mostly offshore Cabinda town
(Block 0, accounting for more than half of Angola’s oil production). Oil is also located onshore Soyo and offshore Kwanza Basin.

The issue of human rights become a concern mainly due to oil operations leading to displacement and scorched-earth policies of the government. For e.g., since 1999, the Sudanese government has been involved in massive human rights violations, moving people from the oil-producing regions - 175,000 remain displaced - with the complicity of the companies, while, (the company) Lundin Oil, which discovered a reserve at Thar Jath in 1999, but conflicts caused them to suspend operations (Watts 25th July 2005: 18). In all these countries, the government has the monopoly over oil as a national resource. The local population do hold rights over their land having oil. This has led to the local population claiming right over access and control of the oil revenues. Also, these claims have risen due to absolute poverty thriving in the region. Lack of compensation and payments to the local population like the Ogoni’s in Nigeria, have further tensed the region. This has also led to mass movements of the people, for e.g., in the early 1990s, the emergence of the Movement for the Survival of the Ogoni People (MOSOP), drew international attention to the people’s struggle in the Niger Delta’s political and economic empowerment. The movement was against the economic marginalization, human rights violations and environmental and health degradation of the local population.

Although, women’s organizations continue to organize peacefully, the men’s organizations have increasingly turned to violence to counter the oil companies’ policies. For e.g., since 1990s, many previously non-violent youth groups, have transformed into violent militias and criminal organizations. These militant groups are so influential that they sometimes overpower the existing government. For e.g., in Trinidad and Tobago, where militant trade unions pressured the government into buying up existing firms and therefore expanding the public sector (Carneiro 23rd March 2007: 17). These armed fractions have been targeting each other and the foreign oil companies. Foreign oil companies also face the threat of militants taking hostage of oil workers for getting equal benefits out of oil exports and to gain international attention. One main reason for these increasing extremist activities is the government’s failure to produce political and economic dividend for the region.
- **Survival of the Communities:**

Faced with the challenges, the oil companies have to focus on its social responsibility. Water pollution resulting from oil spillage is another major threat to these local communities. Such threats impoverish the local communities. For example, in July 1979, the Forcados Tank 6 Terminal incident spilled 570,000 barrels of oil into the Forcados estuary in Delta State polluting the aquatic environment and surrounding swamp forest, while in the Funiwa, no. 5 well in the Funiwa field blew out an estimate 421,000 barrels of oil into the ocean. Due to this spillage, the mangroves and other fishes died. About 836 acres of mangrove within six mile off the shore were killed. These spills also pollute ground water.

Drinking water is adversely affected by the toxicity of crude oil. When these wastes and refinery effluents are discharged into water bodies, pollution occurs. Fishes store some of these metals from pollutants in their bodies, the local inhabitants consume them and suffer abnormalities. These are one of the major challenges that the oil companies face and the hence, the local communities oppose their existence. However, during the past seventy years of oil companies operations in West Asia and Africa, there were no petroleum laws as such. Consequently, water bodies were heavily polluted without any check. Oil companies are still to acquire effective technology to cope with its environment waste management.

- **Religion:**

Oil money have definitely transformed these economies from a traditional society of farmers and nomads to the western standards of living, while for the elite, it’s the lavish palaces, expensive cars, etc. These changes are welcomed by a certain section of population, while for others it created social tensions which eventually have backfired against the oil companies. For e.g., in certain West Asian states like Saudi Arabia, devout Muslims feel that exposure to western ideas and materialism was corrupting their society. Hence, these issues cannot be ignored by the host governments especially, when it is a follower of Wahhabi branch of Islam. This has resulted into not just the local population, but also the host governments adopting a tough approach towards the oil companies.
- Environment and Health:

Apart from the problems faced by the local population, the oil companies have to face many challenges, for instance environmental crisis. Environmental hazards occur at many levels. Environmental degradation happens through oil spills, carbon emissions released through the refineries and gas flaring. This has been clearly visible in cases of some of the countries like Nigeria, Angola and Sudan. In Nigeria, there have been more than 4800 spills between 1970 and 2000 and Nigeria has the highest flaring rates in the world (12 per cent of the world’s total in 2002) (Watts 25th July 2005: 16). “There have been over 6,000 oil spills totaling over 4 million barrels between 1976 and 1996. In 2006, over 400 people died in two pipeline explosions in Lagos, where leaking pipelines were left unremedied and crowds of impoverished residents desperately scooped up buckets of fuel, to sell or for personal use” (Oil extraction and health in the Niger Delta: 6).

Worker’s health and safety is one of the major challenges that the industry faces. In most oil rich countries, extraction remains the most hazardous occupation in terms of the number of people that are exposed to risk, despite considerable efforts to reduce the toll of death, injury and disease among the workers. Constructing pipelines, threatens the existence of endangered species and biodiversity. Many a times oil spills are neither recorded nor acted upon, while, the company conduct cleanups, which is often limited and in secrecy to prevent the disclosure of accurate spillage. This has further aggravated the negative approach of the local population towards the oil companies.

- Worker’s Rights:

The oil companies employ both the indigenous and foreign workers on contract basis. These have brought tremendous irregularities in their payment structure and the recognition of worker rights. The workers (expatriate and local) work and live in worst conditions with no proper facilities provided to them. While, in other cases, there is a massive growth of illicit activity of prostitution and sex trade, that dwell around the oil compounds, which the oil companies have done nothing to regulate or control.
Gas Flaring and Noise Pollution:

About 95 per cent of waste gases or a by-product of oil from the producing fields and refineries are flared. The gas flaring pollutes air and declines the plant growth, which are near the flaring terminals. Okra plants and palm trees around the flaring stations do not flower and therefore, do not fruit. Atmospheric contaminants from gas flaring include oxides of nitrogen, carbon and sulphur. Nigeria has about 100 gas flaring points - four flare points surrounding Out - Jeremi, which also has 42 oil wells. Out - Jeremi suffers high-level soil infertility, consequently, they hardly produce sufficient food for subsistence. SPDC, which produces about 45 per cent of total gas flared in Nigeria. In all this, it's the local people who are the sufferers and the local population who farm in areas with flare points will be deprived until the flaring is stopped and are not sure that their farmlands will recover soon after stoppage of gas flaring.

Acid rain is partly result of gas flaring and can damage crops. Also the issue of a seasonal flooding is of great challenge to women in some of these countries like Nigeria. This has not only reduced the available land for agriculture, housing, playgrounds and other activities, people have been forced to prematurely harvest their crops and subsist over long period without alternative stable economic source. Also, explosives used for seismic surveys result in noise pollution and the population staying in such areas can loose their hearing ability. These challenges have further added to the hurdles for which the oil companies need to do an effective monitoring and control. Apart from this, there is the need for the oil companies to be conscious for sustainable economic activities of the local population in the host countries.

Insecure Investment:

The extractive companies specifically oil and gas, realizing the risk of investing in the countries such as Sudan or Nigeria may be battered due to the changes in the legal framework or changes in the Production Sharing Agreements (PSAs). Handling and managing these risks will require a concrete relationship between the host governments and companies such as BP, ExxonMobil or ONGC Videsh. Building rapid expansion and growth, the companies’ future challenge is to maintain the competitive edge over others and that it has established. The extractive industries will
continue to set the production targets to secure its investment. However, they will not pursue these targets at the expense of its personnel’s safety.

- **Employment for Local population:**

The targets set by the host governments for employing the proportion of local citizens in the respective companies is challenging. While the oil companies are taking initiatives in employing the local population, the targets for the local population in senior positions will pose certain problems on account of inexperience who join the corporation.

- **Waste Management:**

The extractive industry also faces challenges of waste management throughout the year. These wastes include, “the disposal of large volumes of produced water, prior to the availability of offshore re-injection; and sewage treatment package failures at..... offshore facilities. For e.g., in 2007, BP recorded a total of 48,663 tonnes of waste from its operations in Azerbaijan, 40,713 tonnes of hazardous waste, and 7,950 tonnes of non-hazardous waste. In addition, a total of 88,947 tonnes of sewage waste and 84,970 tonnes of produced water were generated” (British Petroleum 2007: 3 & 27). “Sewage treatment unit failures on BPs offshore platforms continued to be a major challenge throughout 2007. A total of 29 releases of untreated sewage to the Caspian Sea were recorded, compared to 10 releases in 2006” (British Petroleum 2007: 28).

- **Health Challenges:**

The extractive industry also faces unprecedented health challenges such as HIV / Aids and Malaria, specifically in the African countries. HIV / Aids have killed people in the prime of their lives and left behind orphans and elderly dependents. Health institutions and governments globally are joining to combat this disease. Oil companies such as “ExxonMobil is actively involved in resource - mobilization strategies and the sharing of best practices with organizations such as the Global Business Coalition on HIV / AIDS, the Global Health Initiative Task Force of the World Economic Forum and the Corporate Council on Africa” (ExxonMobil). For e.g., “in Angola, ExxonMobil support a variety of community - focused HIV / Aids
related education and prevention strategies. In Chad and Cameroon, the company has led campaigns to test villagers for curable sexually transmitted diseases (STDs) and to provide treatment. It has also supported the Safe Blood for Africa Foundation (Safe Blood) to help countries provide quality blood bank technology to Africa. Since untested blood accounts for a significant portion of safety and health (ExxonMobil). In order to achieve these health goals, “ExxonMobil established the Africa Health Initiative in 2000 to fund and support activities related to the prevention, control and treatment of malaria in Africa. Since then and through year-end 2007, ExxonMobil … have spent more than $40 million to help fund programs to tackle malaria at the individual community level, programs to promote the research and development of new drugs and projects….” is also encouraged (ExxonMobil).

- Other Challenges:

In addition to the above mentioned factors, there are other practical deficiencies that make the operating environment for the companies difficult. They are lack of physical infrastructure, the lack of qualified professionals, the evolving legal framework and a high risk of political instability. These factors play a critical role and add to the existing challenges the extractive industry faces today.

Extractive industries are non-renewable natural resource sectors like, hydrocarbons, coal, minerals, etc. The basic characteristics of the extractive industries like, irreversible impact of their operations, environmental degradation, disposals of the wastes and the overall impact on the locals is what imposes a challenge for the Corporate Social Responsibility. The level of economic and social conflicts surrounding the extractive industries from the local communities is intense. On the other hand, extractive industries have the potential to create considerable wealth, because of the economic rents they can generate, and may be able to fund social and economic development initiatives that few other industries could support (Ali & Ciaran October 2007: 6). Hence, the question that arises is can CSR be a solution for these issues? Extractive industries should develop systems of production and consumption networks that have a minimal impact on the environment as a primary objective and have an overarching objective of environmentally sustainable operations. Extractive sector should develop opportunities and challenges in improving environmental efficiency through better management of operations.
The extractive (oil) industry came into limelight in 1995, with Shell held responsible for execution of Ken Saro Wiwa and eight other activists in Nigeria. Shell was also held responsible by Greenpeace over the decision to sink the Brent Spar oil platform. Shell's activities in the oil rich Niger Delta shook the business world and signified the oil companies social accountability and the ability of social activists to damage their reputation. The oil industry could only survive with a strategy to convince people that corporations played an important role in the development of the country. With capitalism and profitability, evolved a new social and human dimension. Corporate social responsibility (CSR) evolved as a response to the people’s movement or campaigns against the operations of the oil companies.

**Leading Oil Companies: CSR Policy and Initiatives**

“Corporate Social Responsibility’ (CSR) is defined by the World Bank as ‘the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life, in ways that are both good for business and good for development’ (Ettenborough & James 21st August 2003: 6). The then Chairman of Arab Conferences Company, Mr. Loay Hisham Nazer states that “Corporate Social Responsibility today has become a catch - phrase that many unfortunately do not understand. Many believe that it is merely donating funds to a charity of choice when on the contrary, it is truly about building a long - term and sustainable platform for various programs that address the needs of the society companies operate in” (Kingdom of Saudi Arabia to host the First Corporate Social Responsibility Forum next May in Riyadh 8th May 2006). Corporate social responsibility has a larger role to play in the current scenario. The oil companies today play a very significant role of promoting the social responsibility in the host countries.

The oil and gas companies globally are confronted with extremely diverse operating conditions. These corporations face serious challenges ranging from people’s mobility against the company’s operations due to social and environmental degradation. CSR therefore, plays a significant role in leaving the social life of the people less disturbed and a minimal impact on the environment. Hence, today’s oil and gas industry have come – up with a broad set of corporate practices for their governance. Global oil
corporations today have created a Corporate Social Responsibility unit in their offices to ensure that these guidelines are followed. The code of conduct for CSR provides a broad framework for the companies to pursue in the areas of community relations, environment, safety measures, etc. Oil and gas companies in the world today, follow the CSR policies and by and large have similar policies covering Health, Safety, Security and Environment (HSSE). Many community programmes in the developing countries are realizing benefits from CSR policies and initiatives. CSR initiatives by the oil companies, specially the western have been very fruitful and have benefitted the local population. Their initiatives also supersede that of the Asian companies, primarily on experience and finance counts. Some of the leading oil companies policies and initiatives are mentioned under.

For instance, **Shell** adopted its policies on Health, Safety, Security and Environment (HSSE) in 1997. It includes a commitment to 'pursue the goal of no harm to people' and to 'protect the environment' and requires the use of risk-based management systems, which are audited regularly (Shell). Shell companies operating in various countries and its joint ventures are required to follow HSSE policies and commitments. Shell’s policies are framed to comply with laws and achieve greater efficiency. It sets targets for its staff and accordingly rewards them. Shell also publicly reports its performance, promotes best practices and culture within the organization. Apart from this, Shell also creates social benefits by employing local population and contractors, reducing disruptions to the community, lowering gas flares and impacting less on the environment. Shell’s target is to reduce greenhouse gas emissions to be 5 per cent lower in 2010 than they were in 1990.

Within the main oil-producing region of Nigeria, the Niger Delta has many smaller ethnic and religious groups. Shell has been operating in the Niger Delta since 1950s. It came under severe criticism by the international community only when nine activists including Ken Saro-Wiwa were arrested and executed in November 1995 on false charges. Oil majors are accused of being main reason behind the government’s actions. For e.g., Shell became entangled in an international controversy in 1995 when the Nigerian government executed Ken Saro-Wiwa, a leader of the movement for the survival of the Ogoni people (MOSOP), thereby accusing the company of guilt by association. Following the execution, posters of
Shell’s logo dripping with blood sprang up in Nigeria and in many western countries. After which, the company was in a tricky situation and tried to pursue more CSR initiatives in the region. This execution got international attention and Shell’s operations in the delta came into limelight.

Since 1995, “Shell..... has pumped more money into local welfare projects, such as schools and small-business schemes (its community development budget has roughly trebled to over $ 60 m a year). It has also begun to exert more explicit political pressure on the federal government to assist the development of the Niger Delta. For several years now, the government has been returning 13 per cent of the oil revenues to the Delta region, compared with 3 per cent previously. Shell lobbying was one factor behind this rise” (Litvin May 2003). Even then, violent local unrest still persists, as in 1995, disagreements over the distribution of oil revenues drove much of the violence.

“In 1996, Stephen Mills, human rights and environment campaign director for the Sierra Club, testified before the U.S. House of Representatives International Relations Subcommittee on Africa that, ‘The Sierra Club believes that Shell should feel considerable responsibility for the death of Ken Saro-Wiwa and the other Ogoni activists. Shell’s massive pollution, repeated denial of responsibility for it, its refusal to clean up the Ogoni territory, and its appeals to the Nigerian military to silence the protestors is what incited the civil unrest. A peaceful solution to the crisis in the delta seems remote as anger grows over record oil profits amid striking poverty. Royal Dutch Shell earned a whopping $ 18.5 billion in 2004 yet some villages within sight of gleaming Shell facilities still have no electricity or running water. The campaign Ken Saro-Wiwa led to hold Shell accountable for their pollution and complicity in human rights violations has not been in vain. However, after Saro-Wiwa's death the company did adopt stronger social and environmental responsibility guidelines” (Chen March 2007: 28). Consequently, Shell has been actively pursuing its corporate responsibility. “Today, Shell Petroleum Development Company (SPDC) conducts an annual review of its community development projects. Since 2002, Shell has encouraged transparency by publishing its revenue payments to the Nigerian government. To improve the environment, efforts to eliminate natural gas flaring are ongoing” (Ibid: 29).
The “Shell group of companies has pledged $18.5 million for health and development projects in Nigeria. The money will be invested through two ‘social partnerships’ an anti-malaria program with Africare, a private, charitable organization based in Washington, DC, and a three-pronged food security and anti-malaria effort with the United States Agency for International Development. The three initiatives for the Shell / USAID effort aim to revive production of a Nigerian staple food by introducing mosaic-resistant cassava; to reduce malaria, which kills an estimated 300,000 Nigerians a year; and to build shrimp exports to create jobs and income for rural communities” (Hultman 17th November 2003).

“USAID administrator Andrew S. Natsios said, ‘Investing in people is perhaps the single most important factor in achieving long-term economic growth’. He said his agency is providing about $65 million annually in Nigeria for development assistance that supports democracy and governance, agriculture, education, health and HIV/Aids. The three-year malaria control campaign, to which Shell is giving $3.4 million alongside Africare’s contribution, will focus on selected communities in six Nigerian states in the oil-producing Niger Delta region. The then Shell’s chairman Sir Philip Watts said that, Shell is spending $60 million annually in the Niger Delta on social programs. What is most important, he said, is ‘not whether you make mistakes but whether you acknowledge it, whether you learn from it, whether you do something about it and change and improve the way you do business’. He further added, Africa is truly a test case, of whether international business can be a creator of wealth and promoter of progress” (Ibid).

**Chevron** Nigeria Limited (CNL), Chevron's principal subsidiary in Nigeria, operates and holds a 40 per cent interest under JV with the Nigerian National Petroleum Corporation (NNPC), which owns a 60 per cent interest. “In 2003, CNL won the U.S. State Department’s award for corporate excellence. (Following which) in 2005, Chevron Nigeria adopted a new approach to our community engagement in the Niger Delta that was designed to create participatory development processes to better address the needs of the communities in our areas of operation. This model, called the Global Memorandum of Understanding (GMOU), gives the communities greater roles in the management of their development. CNL signed GMOUs with eight community groups in the Niger Delta. The agreements are intended to gradually
shift control from the company to communities through newly created regional development councils (RDC). The objective is to bring peace, stability and reduced conflict in areas where Chevron operates. Together, the GMOUs reach more than 400 communities, villages and chiefdoms and involve some 600,000 community members. Since 2005, the company has helped provide potable water by drilling boreholes for nine different communities; each is equipped with an overhead tank and generator” (Chevron March 2008: 5, 7 & 8).

Chevron has also significantly contributed for the development of local communities. “These projects include construction of teachers' quarters, science classrooms and laboratories, classroom blocks, water boreholes, footbridges and jetties. Other infrastructure development projects include the provision of drainages, dining halls, kitchens, covered walkways and power in some communities' schools and hospitals to make them functional. Chevron has more than 2,000 employees, of which 90 per cent is Nigerian. Chevron Nigeria Ltd. provides communities near its operations with power and drinking water, in many cases directly from company facilities. In many communities, the company has also purchased and installed electricity generators, which the company also fueled and serviced. Chevron has also contributed more than $140 million to the Niger Delta Development Commission — a government agency with the responsibility of developing the Niger Delta” (Chevron March 2008: 5).

“Launched in 2001, Riverboat Ambulance Services, a waterborne health service, serves the health needs of communities in the Escravos and Benin rivers in the western Niger Delta. Onboard services include a full complement of medical staff, medicines and other health supplies — at no cost to local communities. The floating clinic sees an average of about 2,500 patients per week. The company funded the project, including construction of the ambulances. The services are provided in partnership with Delta state government, which provides the medical staff while the company provides supplies and medicine. Chevron also makes generous donations to some NGOs involved in generating awareness on HIV / AIDS in Nigeria. The company supported the World Federation for World Peace when it conducted a Free Teens program, under which it organized anti-AIDS seminars for secondary schools in Nigeria. The company currently supports Positive Action for Treatment Access, an NGO owned and run by people living with HIV / AIDS, whose goal is to provide
skills acquisition and revolving loans for its members. The company also built and donated a tuberculosis center to a clinic in Lagos, Nigeria” (Ibid: 6 & 7).

“CNL has supported the Nigerian Business Coalition Against HIV / AIDS. The organization was initiated to ensure the pooling of resources and efforts by the private and public sectors to overcome the potentially destructive epidemic. Today, the company continues to play a significant role in coordinating businesses in Nigeria to fight HIV / AIDS. In 2006, the company partnered with two NGOs – Action Health Incorporated and Positive Action for Treatment Access – in a campus HIV / AIDS awareness program for students. Six universities took part in the first phase of the program. Chevron makes annual drug donations to hospitals and clinics in non-GMoU areas. The company has donated essential drugs to the following hospitals: Braithwaite Memorial Hospital, Port Harcourt, in Rivers state; General Hospital, Owerri, in Imo state; General Hospital, Okolobiri, in Bayelsa state; and Central Hospital, Warri, in Delta state. The Roll Back Malaria initiative was launched by the company in Rivers and Kaduna states of Nigeria in 2006. In 2007, two more states were added to the campaign, which focuses on children under age 5 and pregnant women” (Ibid).

“Chevron funded the Biotechnology Center of the Federal University of Technology in Yola, northern Nigeria. The center is a two-story, nine-laboratory facility designed to help Nigeria use the most modern scientific advances to increase food production and reduce disease. The center is equipped to handle research and training in molecular biology, drug analysis and advanced agricultural technologies. The company paid for its construction and provided an endowment of $200,000 for operating expenses. The company was praised for its work in Nigeria for, among other things, airlifting more than 2,000 community members to safety in March 2003 during inter-ethnic conflict in the Niger Delta area, setting up the riverboat clinic and … active involvement in the ongoing HIV / AIDS prevention efforts. More than 6,700 Nigerian students are on CNL-sponsored secondary school, university and technical school scholarships. To boost local availability of technical expertise, Chevron teamed with Vision Reservoir Management Technologies International, a local company, to establish Nigeria's first Advanced Technology Center for Subsurface Studies. The center, which opened in 2002, is equipped to conduct high-
end technical studies, including geostatistical reservoir modeling and compositional fluid flow simulation, reservoir audits, improved reservoir characterization, and horizontal well performance audits. The center’s first contract was for the full field simulation study of an undeveloped reservoir in the Meren Field (Ibid: 6, 7 & 8).

“Chevron typically awards more than 1,000 new scholarships every year. Recipients include students taking part in a special scholarship program for the blind. The company provides financial and volunteer support for NGOs that work to improve the community. Beneficiaries include the Compassion Home for Handicapped Children in Port Harcourt; the Nigerian Conservation Foundation and the Nigerian Training Center for the Blind, St. Anne’s Orphanage, in Warri; and UNICEF. The company has supported sports and athletics over the years by partnering with others in the oil industry to fund the annual Oil Industries Games” (Ibid: 8).

“Chevron continues to build emergency response capabilities, particularly in the area of spill response, both internally and externally. In 1981, Chevron Nigeria Ltd. became a founding member of the Technical Committee of the Clean Nigeria Association (CNA), a second - tier oil spill response organization established in 1981. Since 1997, as part of its strategy on educational development, Chevron has been training community youths in requisite vocational skills, under its Technical Skills Acquisition Program. In 2007, this program sponsored 50 students from communities close to Chevron facilities in the Niger Delta. The students attended specially designed, full - time vocational training courses. Thirty of the students attended a nine - month welding course at the Petroleum Technical Institute in Warri, and the remaining 20 attended a six - month computing course at a specialist training center, also in Warri” (Ibid: 9 & 11).

While in Angola, ChevronTexaco started a new program, the ‘Angola Partnership Initiative’. The main focus of this initiative was to build human capital and develop small and medium - size businesses. “The primary focus areas of the program are: strengthening the supply of vocational training, expanding the supply of micro - credit, introducing business development services, and strengthening the enabling environment for social and economic development. ChevronTexaco has committed US $ 25 million to support this effort. It also supports the creation of some 200 farmer associations. This effort is designed to support approximately 160,000 rural families
..... with the goals of increasing food security, decreasing reliance on importation of seed, creating better access to markets and information and ultimately, increasing rural incomes. ..... the Angola Enterprise Development Bank will provide small loans and other banking services to low-income Angolans and small businesses” (Chevron 2002). ChevronTexaco along with the UN Development Program and the Angolan government will promote small business development in Angola. The giant energy corporation will provide $ 5 million to the $ 10 million project, the Angola Enterprise Fund, the latest in a series of UNDP joint ventures with the private sector in developing countries (U.N. Launches $386 Million Aid Appeal; More 27th November 2002).

British oil major British Petroleum (BP) is the second biggest investor in Angola after US oil company Chevron. British Petroleum provided $ 120,000 to construct a primary school in the Viana district of Luanda and has also invested in health, agriculture and infrastructural projects. BP believes in Angolanization, “at the end of 2006, the Angola Business Unit employed 808 people compared with 614 in 2005. Of these, 56 per cent are Angola – based. BP offers global graduate training scheme. The scheme offers participants on – the - job training with the support of a mentor, technical coaching, and a tailored training programme. In 2006, 29 new graduates joined the programme” (British Petroleum 2006: 22 & 23). Scholarships were provided in 2006 to 25 students (from 300 interviewed candidates), who have begun their studies at the Middle East Technical University in Ankara, Turkey (Ibid: 33). “..... (BP) have supported the Palanca Boys Home in Luanda since 1997. More than 1,000 boys, all of whom are orphaned or have lost contact with their families through displacement, have had access to the home. (BP is) working with Palanca to help it become more sustainable and less reliant on donations” (Ibid: 35).

Sweden’s Lundin Oil operates in a manner that protects people and environment. Lundin’s health and safety policy is to provide a safe working environment. It is also committed to the protection of environment where it operates, with minimum pollution. Lundin oil operates in a manner that involves the welfare of the neighbouring communities. Also, employing the local staff, community development projects, health and education services are integral aspects of Lundin oil’s CSR policies.
With these policies, Lundin Oil has also taken social and environmental initiatives. Lundin oil has introduced a Corporate Donations programme. It has launched “Bridge of Hope (BoH) that cares for street children in Khartoum, Sudan. In addition to providing room and board and schooling to approximately 35 street boys, it offers classes to another 35 children, as well as meals for up to 120 children daily. It also conducts some special vocational training for the older boys. Lundin Petroleum's contributions in 2007 - 2008 cover approximately half of BoH's monthly expenditures, as well as some ad hoc initiatives, such as the creation of a learning centre and a bakery” (Lundin Oil (a)). “In 2006, Lundin Petroleum sponsored a short training program at the University of Juba on project formulation for civil servants of the newly created Government of South Sudan. Given its success, Lundin Petroleum decided in 2007 to institutionalize the training through the creation of a Lundin Petroleum Chair at the University of Juba on ‘Public Sector Capacity Building in Southern Sudan’. Between 2007 and 2008, a number of training programmes have been carried out by the Lundin Petroleum Chair, involving civil servants responsible for dealing with project management” (Lundin Oil (b)).

Lundin Oil has signed an Exploration and Production Sharing Agreement (EPSA) with Sudan. The contract talks of employing and training the Sudanese in its operations. “On its first visit to the concession area, Lundin met with key representatives of the local community, who welcomed oil activities as the only way to promote long-term economic development in their area. They also committed themselves to providing a safe environment for the company to operate in. Similarly, while infrastructure developments such as bridge and road building increased local mobility, because they had been carried out for operational purposes the company did not consider them as community projects. The company therefore, sought ways to make a more direct contribution to the local community. It initiated a number of projects, which later became an integral part of the company’s Community Development and Humanitarian Assistance Programme (CDHAP). The projects had three main objectives: (a) to promote better health, hygiene, education and general quality of life for the current and future inhabitants of the concession area of Block 5A, Unity State; (b) to contribute to the economic and social development of the area; and (c) to reinforce relationships between the local community and the company. In
the three years Lundin ran CDHAP, it spent over $1.7 million on its various projects. These ranged from the delivery of fresh water by trucks, to the drilling of water wells and the construction of a water filtration unit" (Batruch: 3, 5 & 6).

“In the field of education, Lundin started by supplying educational materials to existing schools and orphanages, then built schools with local materials, and eventually constructed a permanent building to accommodate several hundred children. Through a team of five Sudanese doctors, assisted by local nurses, Lundin provided medical assistance in mobile tent clinics, temporary straw clinics and eventually in a fully equipped permanent clinic which it had built. Similarly, it relied on two veterinarians and local para - veterinarians whom it had trained to tend to local cattle in a vet station and in mobile vet clinics. The capacity - building projects included the creation of a mobile brick factory, a women’s development centre and a nursery as well as a programme for training local people as midwives, para - veterinarians, nurses, brick layers, vector control specialists, computer analysts, and so on. In times of emergency brought about by climatic or security conditions, the company provided ad hoc humanitarian assistance by supplying people with water containers, soap, blankets, mosquito nets and medical services” (Ibid). The company believes that, if the oil wealth brings growth and development to the local population, they will not act adversely to the policies of the company. Lundin Oil’s contribution is quiet significant in Sudan.

**Total** (France) has also contributed to the community development through JV with the Nigerian National Petroleum Corporation (NNPC). Total (Elf Petroleum Nigeria Limited - EPNL) / NNPC JV has provided scholarships to the Nigerian students, build infrastructure and educational institutes. “In the 1998 – 99, the JV (EPNL / NNPC) introduced a national merit scholarship programme, for the local communities. With this scholarship programme, ..... 2.670 students in Post Primary Schools, 2.845 in Post Secondary and 185 Post Graduate candidates pursuing studies in various courses locally and overseas. To date about 12.500 community youths have benefited” (Total).

To encourage education and provide long - term support, the JV is involved in “building, renovation and furnishing of classroom blocks, technical workshops,
teachers' quarters, donation of computer equipment and electric power generators to universities, textbooks to secondary schools and donations to educational endowment funds. Other important projects include building and equipping science laboratories including one at Obagi, which serves as a centre of excellence for the teaching and learning of science in secondary schools within Rivers State; and the community-based National Youth Service Corps Scheme (NYSC), where participants of the NYSC are selected and posted to teach science subjects, mathematics and English language in rural areas. The NYSC Teachers Pilot Scheme commenced in 1999 with about 21 corps members. Today, the scheme has 42 NYSC teachers in various schools in the OML 58 concession area alone” (Ibid).

“The Teachers' Enhancement Programme is another community human development initiative aimed at attracting and retaining qualified teachers in the host communities. The JV is to provide incentive packages to teachers in community schools and equip their libraries with recommended textbooks to encourage the reading culture. Computers are also provided to improve capacity for school record keeping. The company is also building a N (Naira) 34 million modern lecture theatre, designed to sit over 500 students, at the University of Uyo in Akwa Ibom State. The JV has also established Nigeria's second petroleum institution, the Institute of Petroleum Studies (IPS) at the University of EPNL Management, in collaboration with the world renowned French Petroleum Institute (IFP). The aim is to provide high level specialized and post graduate training for the development of the nation's oil and gas sector. The first set of students began academic work in November 2003. Lecturers, who are experts in disciplines including General Engineering Reservoir Engineering, Drilling / Completion, Production Engineering as well as Oil and Gas Fields Development, are drawn from the IFP, France, the University of Port Harcourt and the oil and gas industry in Nigeria. Seminars, lectures and programmes by professional organizations receive our support and sponsorship to encourage and improve professionalism and excellence in their practices” (Ibid).

“The JV has also been very supportive of the sports in the country. It has been investing in the promotion of sports like lawn tennis, billiards, snooker, swimming and golf. Company has sponsored tournaments in the Rivers State. Popular among these are swimming, lawn tennis, billiards & snooker and golf. The JV also supports
women’s activities, sponsoring programmes by women organizations such as the Police Officers Wives Association (POWA), Nigerian Army Officers Wives Association (NAOWA), the Rivers State Ministry of Youth and Women Affairs as well as the Egi Women’s Association and the OML 58 Women organization. In 2003, women in our host communities in Delta and Akwa Ibom States were sponsored to rallies organized to mark International Women's Day, in Asaba and Uyo respectively. And in 2004 the company also hosted the International Women’s Day in Rivers, Akwa Ibom and Delta States, with women leaders and organizations participating” (Ibid).

**ExxonMobil**, a merger between Exxon and Mobil in 1999, is also an active stakeholder in Nigeria. ExxonMobil’s executive director Gloria Essien - Mobil Producing Nigeria stated, that her company had so far contributed about N 20 billion to Niger Delta development Commission for developmental purposes..... in addition to the N 1.5 billion annual average investment in community development and economic empowerment….. (Bello 15th February 2007). ExxonMobil has awarded a $1 million grant to JHPIEGO (pronounced ‘JA – PIE - GO’), an international health affiliate of The Johns Hopkins University, to improve health services in malaria in pregnancy (MIP) in ..... Nigeria, where the disease accounts for 11 per cent of maternal mortality and 12 to 30 per cent of mortality in children under five years of age (JHPIEGO Receives $1 Million From ExxonMobil For Malaria In Pregnancy Programs In Angola And Nigeria 1st February 2007). To eliminate routine gas flaring in Nigeria, ExxonMobil is investing more than $ 4 billion in gas utilization and commercialization projects (ExxonMobil 2007: 18).

In Angola, ExxonMobil is “constructing and resourcing of up to 24 community schools and classrooms in Kwanza Sul Province. The community school model leverages significant local community involvement in school construction, management, and teacher selection to ensure that schools are safe, accessible and free, eliminating some of the most prevalent obstacles to girls attending school. The program seeks out girls who are currently out of school and targets the underlying causes of their non - attendance. For community - based malaria intervention and early treatment in Angola (particularly focused on refugees and internally displaced
persons). The project includes community education on prevention and case management, volunteer training, and the provision of anti-malarial drugs and literature" (ExxonMobil Announces New Community Investment Initiative: Programs In Africa, Asia, Middle East, Caspian 7th July 2005).

Pursuing its social responsibility, Italian oil giant ENI (acquired Agip in 2003) "..... created a new local engineering company, which in 2007 organized a training plan relating to a first group of 28 young Nigerian engineers. The first part of the course gives an introduction to Engineering and Construction (particularly organization, people management, health and safety) in order to support the identification and the sense of affiliation to Eni. The subsequent part of the course regarded specific technical contents to make the bases of the different engineering disciplines of the participants uniform. This is then followed by a theoretical part supported by a practical one through the assignment of participants to the project units existing in Nigeria and abroad, to study in detail and implement concrete aspects of the job. The final part of the course was conceived upon a training on - the - job module which helped the participants to develop the technical skills ....." (Eni 2007: 35). Eni is also holding water and flaring down projects in Nigeria.

"Eni is also involved in the ‘Green River’ Project (an integrated farming project started in 1987 in an area comprising the states of Bayels, Rivers, Delta and Imo) involves community micro-credit programmes in partnership with local communities, ..... The programmes have involved around 600 women and pensioners. Other projects have led to the creation of agricultural, livestock and fishing cooperatives” (Eni 2007: 56). "....., a project promoted by UNICEF and financed by Eni for the prevention of mother – to - child HIV transmission in the states of Rivers and Bayelsa. The objective is to involve at least 20 per cent of the women attending prenatal clinics in four health centres: Omoku General Hospital and Braithwaite Memorial Hospital in Port Harcourt (Rivers), Okolobiri General Hospital and Ologoama Health Centre (Bayelsa). Recently the project was extended to also include Delta State” (Eni 2007: 58).

CSR is about not polluting the environment and threatening the local population of their livelihood and also seeing to it that people are not being displaced when an oil
infrastructure is set up. Gradually, CSR is becoming an important factor in energy engagements due to increasing oil insurgencies threatening the life of the projects as seen in countries like Nigeria, for e.g., Angola overtook Nigeria as the largest oil producer in Africa in 2008, as many production units were shut down in Nigeria. CSR is undertaken by the corporations to take care of people's needs, so that the people don't think of them as evils. However, these 'social responsibility' projects are also undertaken as a part of strategy to acquire oil and gas blocks. Thus, it is essential that the resource-rich countries set up transparent ‘energy funds / account’, and a percentage of the signature bonuses, royalties or taxes should be diverted to this account. This money should be spent for social and economic development of the country. This would also reduce, if not eliminate the grievances of the local communities and the rise of radical groups in countries like Sudan, Nigeria or Angola. Though of late the large International Oil Companies are defining their societal engagement by evolving strategy of Corporate Social Responsibility, the same does not seem to be happening in case of National Oil Companies.

Asian National Oil Companies (ANOCs) And CSR: Factor In Energy Engagement

National Oil Companies are relatively new comer in overseas energy market. Their profile too is comparatively small. Yet being an extractive sector, they have been making efforts to define their societal engagement. As is discovered in this section a policy of CSR is in the nascent stage of its formation.

Firstly, some of the NOCs have limited spending power that restricts their outflow. For e.g., OVL have the designated powers to make a bid of up to Rs 300 Crore. It is quite obvious, that OVL will have to rethink on credit made available to it for investment. Unlike Chinese oil firms which have access to large foreign exchange and can thereby arrange side payments, “….. Chinese oil companies can only afford to do so because they can access cheap finance through state banks in what critics have called ‘predatory finance’. As the Economist noted in a survey of Chinese foreign acquisitions, the fact that Chinese NOCs are linked to the state means that ‘the cost of capital is close to zero’: they do not always need to ‘make a commercial return or perhaps even repay loans from state banks’. In turn, state bank loans are made available either at concessional loans with long maturities or ‘at no interest at all.
While there is disagreement as to the reasons for the Chinese willingness to pay so handsomely, the upshot from an African perspective is precisely that the Chinese will pay more and they are welcomed on that basis” (Soares de Oliveira).

Secondly, many of the companies have to go through a time – taking process of taking approval from the government. For e.g., OVL has to rely on the decisions taken by the Ministry. This delays the bids given by OVL, resulting into losses. While, the Chinese government have a ‘go – ahead’ for the bids its company makes. It will be pertinent to state here that, the Chinese oil companies bring their political clout along with huge cash flows on the table.

Thirdly, state support is essential to win these bids for the Asian companies. For instance, in addition to the ready finance available to the Chinese oil companies, they also have support of its government, who pursues bilateral relations by giving aid, building infrastructure, etc. in the host countries. This helps its oil PSUs in winning bids. OVL will have to bid and compete at a much higher level, hence the Indian state participation is essential. The state must engage itself in building bilateral relations and capacity building measures with these countries.

Therefore, they need a policy and state support. While the state has a policy of improving the bilateral relations through capacity building measures, giving aid, etc. CSR could be one policy for the oil companies to pursue a sustainable energy partnership for the Asian NOCs. Today, public – private partnership (PPP) has become an important aspect of the acquisitions game. Hence, there should be a private participation in specific deals if not all, for OVL to acquire overseas energy assets in the future. For instance, in Nigeria, “ONGC – Mittal Energy Limited (OMEL) has offered to invest US $ 6 billion in power and infrastructure development projects, to which Nigeria has agreed. India will invest in a new 180,000 b/d refinery, 2,000 MW power station and an east - west railway in exchange of oil and gas equity in Nigeria. As a part of the deal, the Nigerian government has already allotted two oil blocks, blocks 285 (212) and 279 (209) in return for signature bonuses of US $ 50 million and US $ 75 million, respectively” (Indian and Chinese Oil Companies Dominate Mini Licensing Round in Nigeria 2007). During 2007 - 08, OVL had also contributed USD 100,000 to the relief fund of the local authorities of Sakhalin, Russia, to support relief
efforts for victims of the devastating earthquakes in Nevelsk (ONGC Videsh Limited: Performance). Apart from OVL, “India’s National Thermal Power Corporation (NTPC) is involved in Nigeria with an investment of US $ 1.7 bn in a Liquefied Natural Gas (LNG) project. Indian Oil Corporation (IOC) has invested US $ 3.5 bn in an oil refinery in Nigeria” (Naidu: 3).

The Malaysian petroleum company PETRONAS has also been very actively pursuing several social projects like “funding a trustee which runs Sakina Institute, a hostel and school for underprivileged girls in Omdurman town in Khartoum, and giving machinery and other forms of aid to a factory manufacturing artificial limbs” (Waran 7th November 2000). PETRONAS continues to train its workers and mould them into skilled workers, in order to make Sudan self-sufficient in the future. Under this scheme, PETRONAS, through GNPOC, has a Sudanization programme, through which by 2001, 60 per cent of the staff would be Sudanese and by 2006, it would be increased to 90 per cent (Ibid). In August 2005, the two governments signed a contract worth about $ 1 billion to build a new refinery at Port Sudan. This will enable Sudan to process 100,000 bpd. PETRONAS and the Ministry of Energy and Mining of Sudan has a 50:50 stakes in the refinery. While in Nigeria, “PETRONAS has won 2.5 m ton pa Petrochemicals project in Delta State with creation of 7000 jobs” (Wong 30th December 2008).

The Chinese government has deliberated its oil PSUs on the CSR policy and strongly recommends it. This can be viewed in the light of “CNPC and the Government of Sudan entered into a Petroleum Professional Training Financial Support Agreement and Public Welfare Fund Agreement in January 2007. CNPC planned to donate USD 900,000 to assist Sudan in training petroleum industry professionals and also planned to donate USD 1 million to improve the living conditions and medical facilities for orphanages, rest homes and public medical services in the country. In 2007, CNPC also donated funds to Mygoma Orphanage and Al Rasad Center, Al Sagana Rest Home, Al Salamapi Workshop and the Ibn Sina Hospital, which have improved living conditions for local needy people. 2,200,000 dinars (equal to approximately RMB 88,000) were donated to improve the living conditions at Mygoma Orphanage. In
addition, 200 sets of hearing aids were donated to local rest homes and have purchased wheelchairs and other equipment for the handicapped" (CNPC 2007: 53).

“In July 2007, the Nile Valley of Sudan was hit by a severe flood which destroyed thousands of homes and caused the spread of malaria. While CNPC was fighting floods, it also donated funds and materials to support the local people. CNPC’s employees donated 3,000 garments and over 10,000 items of daily necessities and over 30,000 standard woven bags to local people” (Ibid). “..... CNPC and its branches in Sudan have employed over 4000 Sudanese employees and over 7000 contract workers, greatly relaxing the employment pressure in Sudan. Since 1998, CNPC has spent US $ 1.5 million in sending 35 Sudanese students to study at various universities in Beijing” (Hong 3rd September 2007: 14).

The Asian national oil companies, acquiring assets overseas should ‘publish what you pay (PWYP)’ to these governments and help the anti-corruption drive to help ensure that the oil wealth is used in for wellbeing of the people. The results of these audits should be published in the company’s annual reports and should be open for public scrutiny. The payments made by these companies to the respective governments should go to the proper funds and not to the individual accounts, mostly the President. Also the practice whereby the President controls the budgetary spending with no transparency and accountability needs to be stopped. Transparency, will further allow individual citizens and media to be a part of the process of building accurate revenue figures and to see that, corruption doesn’t grip the economy. Elite figures in politics and business of the host countries, who are responsible for corrupt activities and are driving the war, should be brought to justice. Those individuals who have been profiting out of the continuing conflict in countries like Sudan, Nigeria, Libya or Angola, have to be removed from their position of influence. Civil society’s involvement will further promote accountability and improve political stability in the country.

It also needs to be taken care of that, to what extent the oil companies and the host countries monitor their environmental impacts, to make it public so that the local population becomes aware of it, have adequate compensation to the people and cleanup mechanisms. A separate clause should be present on the contract signed by the oil companies and the government of the host countries. For e.g., Azerbaijan and
Kazakhstan, are reported to have never seen oil company environmental impact assessments or indeed the environmental standards stipulated in the production-sharing contracts with Chevron and Unocal. Also, employment opportunities have been few, while development projects are practically on paper and far from getting complete, the hospitals happen to be without staff or medicines and school buildings lie in ruins. All these issues, mark a differential line between the oil companies work structure and the local communities needs.

China is adhered to the rule of mutual development, environmental protection and community progress in the host countries. The Chinese on contrary to the Indian oil companies have managed to built good community relations with the local people. The Chinese polices are seen as converging those of the western firms. Literature shows that, the Chinese leadership cares about its image internationally and certainly pays attention to CSR. The Chinese oil companies e.g., CNPC, brings out an annual report on their CSR activities in the countries they operate. The Chinese oil companies have given timely assistance to the local population in improving their living conditions and providing medical and educational facilities. They are active participants in the social and public initiatives. Failed attempts to raise its home production, China realized that it was now tied to overseas energy supplies. Thus, President Hu Jintao embraced the policy of ‘going out’ in 2002.

ONGC Videsh has been sensitive to this and hence, has recently inaugurated a corporate floor, which states that the E & P company is committed to ‘Corporate Social Responsibility’ (OVL News 17th January 2008). Being an international operator, OVL conducts development programmes for the local communities. It also provides technical know – how to imbibe the necessary skills required to operate in the international environment. Also, OVL deputes its personnel along with other international experts, in joint venture projects with major oil and gas companies which enable them to upgrade their skills in terms of new technologies, needs of the local communities and working in a competitive international environment. OVL is also committed to Health, Safety and Environmental protection. It strictly abides by the environment laws and care for the economic needs of the people in the societies it operates. OVL maintains its HSE standards likewise other companies – ExxonMobil,
BP, Shell, etc. OVL’s safety policy provides safe and healthy working conditions and abiding to the environmental norms.

Oil corporations such as OVL should encourage complete transparency from its side as well as from the host Government. For instance, in countries like Angola, companies should do an independent audit in collaboration with the international organizations like the World Bank and IMF and transparency should be a pre-condition before further signing of contracts. All the payments, beneficiaries, amounts, terms of payment and interest payable made and accepted by the companies to these governments should be declared. However, a worldwide obligation to publish the paid and accepted data will be in the oil companies’ favour, as it would be more difficult for governments to demand large, questionable payments. For e.g., ‘during 1980 – 2002, US $ 1487.5 Million were paid as signature bonuses to the Angolan government. However, the IMF reported that this was the amount paid, along with an additional US $ 100 million for social projects in 2002. In 2003, it revised downward the payment to US $ 278.6 million, but it did not address the reported US $ 100 million social bonus payment or how the government used those funds’ (Human Rights Watch January 2004, 16 (1 A): 32 & 33).

In case of Angola, Sonangol owns all of the country’s onshore and offshore oil and gas resources. It gives Sonangol absolute power to dictate terms to the foreign oil companies and demands huge funds to finance their CSR related activities. Many of the times these funds are gulped – up by the government officials leaving little for the purpose. However, huge cash poured by the foreign firms in these CSR activities will strengthen the relations between the people and the oil firms. It is expected that the oil firms should have a minimal impact upon natural environment. The oil companies should employ and train the local population. The CSR policy of the oil companies also includes building schools, roads, medicines, education, provide basic infrastructure, drinking water and food endeavors.

The Chinese oil companies bring in their own workers, which they say are easy to discipline and are cheap labour. Unlike the Chinese, Indian oil companies hire local population and train them, so that they become self – reliant. India lags behind China in direct investment in infrastructure projects, while China has adopted an aggressive approach towards these energy rich countries, investing billions of dollars in
infrastructure and loans in exchange of oil exploration rights. These loans also come with a strong political backing of the state. Following which, India has concentrated on the African continent with great zeal, putting forth an aid consisting of loans and building infrastructure which, by any means is small than the aid given by the Chinese or the western firms.

The Indian package lacks attractiveness and sound pale in front of the mega – bids of the Chinese such as $ 4.8 bn for PetroKazakhstan. ONGC VL has committed around US $ 5.16 billion to foreign investments in total since 2000, roughly a half of CNPC’s estimated committed investment over the same period (Paik, Keun – Wook et. al March 2007: 19). Similar to the Chinese, who have encouraged its three oil companies, namely CNOOC, Sinopec & CNPC to acquire overseas energy assets, Government of India (GOI) should also launch its other oil PSUs in the acquisitions game. At the same time, these investments would not be alone sufficient, state support is essential in clinching the deals. China has been investing billions of dollars in form of infrastructure and aid. China is also not involving in the domestic politics of these governments, which makes it more acceptable. By acquiring a policy of financing least developed countries, China definitely holds a first place to win these deals.

In the coming years, the growing relationship between the two (China & Africa) might result in China receiving a ‘favorite’ status by the African countries. There has been a steep difference between the Asian and the western oil firms. Smaller oil firms e.g., Asian, are rather inexperienced, have a less developed community strategy and lesser concern for environment in the region it operates. While, the major oil firms like Western ones, tend to perform better. The Asian oil firms like the Chinese have a personal approach towards the local people, while the western firms have institutionalize and promoted their CSR policies to make it a part of their business in the host country. This clearly represents that ‘social responsibility’ is an important factor in sustaining energy partnership between the oil companies and the countries. Meeting these challenges, will give Asia a chance to reshape and be acceptable to the global audience.
State Support: Factor in Sustainable Partnership

Over a period of time, Asia’s involvement in Africa’s energy sector has increased from a mere lingering level to a major presence. This involvement will also have significant implications for African politics and its global relations. This presence has been taken as a threat factor by the west in the region (Africa). Hence, time and again, west has been targeting China’s human rights policy and questioned its morality in the region. In the light of the previous chapters it can be said that, OVL on its own cannot chart its energy engagements. Support of the state is essential for clinching these deals. State engagements in the social sector are essential to have a successful presence, where state and the companies meet the challenges of geopolitics in the region. The state policy could be of giving aid, infrastructure, capacity building and strengthening the state – to – state ties.

China explicitly proved its capacity to lure Sudanese with its packaged deals comprising of aid, online credit and infrastructure building. For e.g., China offered to invest US $ 1 billion to build Nigeria’s railway system, that brought goodwill. This indirectly has helped its oil company to win the bids. The Chinese oil firms are able to pour in huge money due to cheap finance made available to them by their state banks most of the time at no interest at all. The African countries are increasingly opening up to the outside world and welcoming foreign direct investment. “Between 1955 and 1977, China sold US $ 142 million of military equipment to African countries, and trade expanded to touch a record $ 817 million in 1977. China’s trade with Africa grew at 700 per cent in the 1990s to touch $ 55 billion by 2006” (Ramachandran 13th July 2007).

“In July 2000, World Net Daily reported that Sudan had acquired 34 new jet fighters from China. Reports published in Aviation Week & Space Technology show that the Sudan air force is now equipped with $ 100 million worth of Shenyang fighter planes, including a dozen supersonic F - 7 jets” (Smith 29th August 2000). Also, “in 2004, China’s Eximbank approved a $ 2 billion (at 1.5 per cent interest rate) line of credit to Angola, ...... to rebuild Angola’s infrastructure, ruined by the 27 - year civil war that ended in 2002” (Wolfe 20 March 2006). The above mentioned illustrations clearly
mention the significance of the China – Africa trade and bilateral relations, which came as assistance and helped the Chinese oil companies to win bids.

The Chinese cash comes along with the huge aid and investment, for e.g., the Benguela Railway is being refurbished for $300 to $500 million and to refurbish two other rail lines, government buildings and a new airport in Luanda (Ibid). In 2005, Chinese Vice Premier Zeng Peiyan visited Angola ..... with $6.3 million interest free loan and a pledge to invest $400 million in Angola's telecommunications sector, and $100 million to upgrade the Angolan military's communication network (Horta 23rd June 2006). By the end of 2008, China has sent 125 youth volunteers and some 100 farming specialists to Africa. It has also trained about 11,000 local experts (Will the global financial crisis affect the presence of China in Sub-Saharan Africa? 11th February 2009). In a country, where a vast majority of its population lives on less than $1 a day these investments by the Chinese oil corporations mean a lot and seem to better their standard of living.

Also, in April 2006, the Chinese president signed an MoU for billions of dollars of investment in Nigeria. “The MoU included an arrangement for CNPC to take a stake in the Kaduna refinery in return for the right of first refusal on 4 oil blocks. CNPC won the blocks in May with a commitment to invest $2 billion in the refinery” (Evans and Erica May 2006: 3). “.....China was awarded preferential rights in bidding for four oil - drilling licences in exchange for $4 billion in infrastructure investments, anti - malaria drugs and training for health officials” (Aiyar 1st May 2006). “..... in January 2006, China signed a $2.3 billion deal for the exploitation of a Nigerian oil field. At the same time, the Chinese Government came forward with a $2 billion loan for Nigeria. A Chinese company is going to be involved in rehabilitating Nigeria’s railways” (Akl 22th February 2006).

In 2008, “the two governments (China – Nigeria) have signed agreements for the construction of schools, hospitals and anti - malaria projects, to be completed within the next two years. For these projects, the Chinese government is going to provide Nigeria with two grants, amounting to a total of N (Naira) 1.9 billion (US $11.42 million). In another agreement, N (Naira) 8.5 billion (US $5 million) will go to the supply, installation and commissioning of Global Open Trunking Architecture
(GOTA) security communications between a telecoms firm, ZTE and the government.
In all, the Chinese government has signed agreements with Nigeria to invest over N (Naira) 1 trillion in the African country's economy’ (China promises investments worth N1 trillion into Nigeria 7th April 2008). Nigeria has been favoring the Asian oil companies, who are more willing to invest in the infrastructure and other aid in exchange for oil exploration rights.

The Chinese state is involved in building schools, roads, hospitals, etc. for the local people, due to energy security being a central part of their foreign policy agenda. “In January 2008 the State-Owned Assets Supervision and Administration Commission (SASAC), which administers the enterprises owned by China’s central government, issued ‘instructing opinions about state-owned enterprises fulfilling social responsibility’. In this document, SASAC instructed state-owned enterprises to strengthen their corporate social responsibility policies, including in the areas of product quality, environmental protection, work safety, labour rights and community relations” (Bosshard April 2008 (3): 6). Hence, with the vast investment and development projects, China is successful in influencing the decisions of the African governments in its favour. Thus, the Chinese government has been engaged in boosting bilateral relations and capacity building in these countries.

Indian state too has been making investments in the infrastructure development as a capacity building measure. “India’s OFDI flows into Africa grew rapidly during the period 2000-07 as compared to the past. India’s FDI flows to some of the African states during 2000-07 are as follows: Sudan - $395 million, Libya - $100 million, Nigeria - $30 million and Niger - $0.01 million. About 12 per cent of total Indian FDI in African region was located in Sudan. This is largely in the energy sector. The Sudanese government has been offering various incentive packages to Indian investing companies including bank guarantee by the government, 5 to 10 years of tax holidays and speedy clearance of investment proposals. Apart from this favourable policy approach of the host country, Sudan also offers Indian companies preferential access to Arab countries being a signatory of Arab free trade zone agreement” (Pradhan June 2008: 12, 13 & 14).

Also in Sudan, India has completed a $200 million pipeline that links Khartoum and Port Sudan on the Red Sea (Vines and Elizabeth 6th April 2008). ONGC..... built a $
259 m pipeline in exchange for exploration rights in the Greater Nile oil region (Indian cash eyes West Africa oil 24th November 2005). In 2006, India voted against a resolution at the UN Human Rights Council that would have put responsibility on Khartoum to end the violence (Vines and Elizabeth 6th April 2008). India’s investment in Africa’s gas, petroleum and related products during 1961 – 2007 is $ 576 million (Pradhan June 2008: 17).

However, the Indian aid to these countries is very limited and small due to its limited investment power. While, China has convinced the African producers with trade deals, interest – free loans, debt pardon, contribute peacekeepers to UN in Africa, send health and medical facilities to the African countries and promise of infrastructure development. China is investing huge amount in construction of roads, railways and petrochemical installations. “China has 900 projects in Africa; more than 800 Chinese companies are operating there; it has sent 16,000 medical personnel to the continent, offered scholarships to 20,000 African students, and trained 17,000 African professionals” (Ramachandran 13th July 2007). The above illustrations show, that the state intervention is essential for pursuing such deals, as in the case of China which brings their political clout along with cash flows on the table, and only company efforts are not sufficient in winning deals. Thus, China also portrays that, it knows the needs of Africa and can support it with hefty loans.

In summing up it can be said that, the oil companies have invested billions of dollars that have raised the expectations of the people in the region, for education, aid and infrastructure. While, the local communities have been sidelined by the authoritative nature of the state, this has raised popular protests against the companies. OVLs losses in some of the energy stakes have put it under scanner. Thus, the Indian government’s measure of capacity building in the region has been a significant factor.

It needs to be mentioned here, that the Indian government’s role is very crucial in establishing state – to – state relations with these countries, as is done by other companies like the Chinese, thus bringing a good – will for its company. Hence, it will be pertinent here to state that OVL is pursuing a policy of CSR as a strategy for a sustainable energy partnership, but needs the state support to win these bids. Hence, given the Chinese diplomacy in the region, the synergy between OVL and the region,
will give out limited results. Thus, the Indian leadership should change its policies, or accept the factor of 'limited gains' with its present policies.