1) You represent The Corporate Board of Royal Dutch Shell International. As the Corporate Board, you must respond quickly to the article from The Guardian for the sake of your public image and in response to the outcry from your shareholders over this negative company image.

   a. **Devise a planned corporate response – including an action plan – to the article.** Please consider such concepts as short-term objectives and long-term goals, corporate responsibility, responsibilities to shareholders, accountability, sustainability, equitability, etc.

2) As Director of Public Relations, you will present your response to the class (the shareholders). You can expect questions, comments, and criticisms of your response, as much as you would in a press conference.

3) Please hand in a written version of your response in class.

(No more than 2 pages, double-spaced, 12 font)
Oil wealth buys health in country within a country

Shell's staff clinic has crisp cotton sheets. A company-sponsored hospital 25 miles away has no mattresses. Our two-part series concludes with the tale of two Nigerian health centres

John Vidal in Port Harcourt
Thursday September 16, 1999
The Guardian

Take two hospitals. The first, at Gokana in Ogoniland, part of Nigeria's oil-rich Niger delta, serves at least 200,000 people. In the past 25 years it has been allowed to fall apart. There are birds' nests in the corridors and green mould grows on the walls. The men's wards have no windows; the kitchen is a one-ring stove and a blackened pot.

Gokana hospital has fewer drugs than most people in Britain keep in their bathrooms. It has no electricity and no running or hot water. The beds have no mattresses, there are holes in the roof, the medical records are kept on the floor. Ants crawl everywhere and snakes are often found in the wards.

There is no laboratory or diagnostic equipment and operations take place on a Wednesday if the patient can afford the diesel to get an old generator going. There are no anaesthetics, X-ray machines or incubators. A new sterilising machine lies unopened at the entrance but there is no money to pay people to install it, no electricity to power it and no one knows how to use it.

Gokana hospital is part of Shell's 1996 "Ogoni Reconciliation" plan, drawn up after the execution of the author and Ogoni activist Ken Saro-Wiwa to combat international concern at the oil company's environmental and human rights record in the area. It is, the company says, a symbol of its commitment to the social and economic well-being of local communities.

PR v reality

Shell trumpets that it has built the hospital a water tower, drilled a borehole, taken over responsibility for supplying drugs, and donated an ambulance, and is now topping up the pay of the hospital staff. But the reality is different. The new water tower looks good, but it doesn't work and there is no money to run the generator on which it depends. Besides, say the hospital staff, it would have been far cheaper to restore the old tank, which would have benefited hundreds of people in the nearby village. No one, they say, was consulted and no Shell representative has, to anyone's knowledge, been to Gokana.

The donated ambulance is an old pickup truck. The drugs Shell supplies cost more than they would on the open market, the doctor says. He has not been paid for five months. Nor have the nurses, who have no living quarters and must commute up to 30 miles a day. But Gokana, said a man waiting surgery for a hernia, is the "best hospital in the region".

Gleaming clinic

Contrast the Shell hospital for its 4,500 workers 25 miles away in the company compound in Port Harcourt. Shell has spent, at a conservative estimate, $25m (£15.6m) rebuilding and
equipping it in the past year. The hospital employs 75 people, including seven doctors, anaesthetists, pharmacists and surgeons.

Its drugs budget is nearly $500,000 a year; there are resuscitation and incubation units and air-conditioned maternity, casualty, emergency and isolation wards. The 40 beds have crisp cotton sheets bearing the Shell logo. There is no illness, says the matron, that the clinic cannot handle. The hospital has four new ambulances and access to helicopters.

Consultants from London can be flown in, or patients flown to Europe in one of Shell's new company jets. On the day we visited, seven people were preparing food for 25 in-patients. It is, agrees the matron, who worked for years in the British health service, one of the best hospitals of its kind in the world.

"This is another country, a country within a country," said Bobo Brown, Shell's public relations chief in Port Harcourt, as he pointed out the schools, gyms, houses, factories, office blocks and playing fields in the Shell compound. As the situation deteriorated beyond the fence, he said, it got harder than ever to operate.

Shell recognised, Mr Brown said, that in many areas in the delta the school system had all but collapsed, the health system was in chaos, people were going without wages, and most communities were in turmoil.

But Shell is in a virtual state of siege, the problems coming from all sides and the demands of communities spiralling as the social fabric disintegrates.

"The problem is that we are so visible," Mr Brown said. "We are the object of their hopes, we are identified as government. Shell is both part of the problem and the solution. Our presence in their midst is a statement of hope that prosperity is possible. People have nothing to focus on except the present. They have no future."

Shell was stepping up its contributions to communities in the region, from $32m last year to $40m this year, and earmarking more for next year. But it was precisely because it was investing in the communities that so many people were agitating.

**'Paternalistic' spending**

How the money is being spent is a cause of deep resentment. Villagers accuse the company of being parsimonious at best, incompetent at development work, neglecting consultation, and paternalistic.

In Ogoniland the 10 other health, environment, education and farming projects supported by the company are dismissed by Ledum Mitee, acting president of the Movement of the Survival of Ogoni People, as "ineffective, unnecessary or just PR for the company".

"They include re-roofing health centres which do not need new roofs and education awards that are disputable," he said.

"There have been protests about some of the roads that Shell says it is building. No one knows anything about help with fertilisers or scholarships and no work has been done cleaning up the oil spills.

"They decide what is good for us. They are just wasting resources. We have yet to see the impact of all this spending."
One of the problems is that Shell is persona non grata in most communities and its workers fear being seen in the field. Most of its work in the villages is done through chiefs who may never pass the money down to their people, and contractors thought to be corrupt.

"Perhaps the money is spent," said an EU-funded westerner working with a Nigerian NGO in Port Harcourt.

"Where does it go? It never reaches the grassroots. People never see it. The waste of resources is phenomenal. It seems to have resulted in corruption. They have wasted millions of dollars dividing communities by paying some people and turning a blind eye to what is happening around them."

**Plea for master plan**

Shell does not deny that the money it pays in compensation or for development can go astray, but it denies that it is deliberately dividing communities or corrupting the economy. Mr Brown said: "Much of what we do can be seen as palliative. But the problem is structural. We need to rebuild the economy of the local communities; transfer economic capital to the communities.

"But unless the government joins hands with us the problem will take much longer. We want joint development of a master plan to lift these communities. Everything else will just consign them to dependency."

"It would have been better if oil had never come," an Ogoni leader replied "At least then we would not have the pollution, the destitution and the sorrow.

"We have been denied everything and in return we have had our lands and sky, rivers and fields polluted. We have been repressed, killed and tortured and now we are told there is no hope for us to develop. Do you wonder why we are angry?"