

Corporate Partnerships and Community Development in the Nigerian Oil Industry

Strengths and Limitations

Uwafiokun Idemudia

This United Nations Research Institute for Social Development (UNRISD) Programme Paper has been produced with the support of UNRISD core funds. UNRISD thanks the governments of Finland, Mexico, Norway, Sweden, Switzerland and the United Kingdom for their core funding.

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Acronyms

AKWSG	Akwa Ibom state government
BPD	Business Partners for Development
CA	community assistance
CD	community development
CDP	community development partnership
CSR	corporate social responsibility
EOCDF	Eastern Obolo Community Development Foundation
EPNL	Elf Petroleum Nigeria Limited
FGN	Federal Government of Nigeria
GBF	Growing Business Foundation
GMOU	Global Memorandum of Understanding
HDF	Human Development Fund (UNDP)
ICDP	Integrated Community Development Project
LNG	liquefied natural gas
MPN	Mobil Producing Nigeria
MPNCN	Mobil Producing Nigeria Community News
N	Naira
NDDC	Niger Delta Development Commission
NGO	non-governmental organization
NNF	New Nigeria Foundation
OML	Oil Mining Lease
PIP	programme implementation partnership
PNIN	Pro Natura International Nigeria
PP	programme partnership
SA	strategic alliance
SCD	sustainable community development
SPDC	Shell Petroleum Development Company of Nigeria
STEP	Support and Training Entrepreneurship Programme
TNC	transnational corporation
UNDP	United Nations Development Programme
UNRISD	United Nations Research Institute for Social Development
UNV	United Nations Volunteers
VSO	Volunteer Service Overseas

Acknowledgements

This is a revised version of the paper “Corporate partnerships and community development in the Nigerian oil industry: Strengths and limitations”, prepared in connection with the Copenhagen Business School/UNRISD/Research Network for the Environment and Development Workshop on Public-Private Partnership for Sustainable Development held in Copenhagen on 14–15 August 2006.

The author would like to thank Peter Utting, Peter Lund-Thomsen, Ann Zammit, Darryl Reed, Ananya Mukherjee Reed and Lone Riigaard for their insightful and useful comments on an earlier draft. The author would also like to thank various participants at the Copenhagen workshop—where some of these ideas were originally presented—for their comments. The author is grateful to Lenny Baer, Uwem Ite and Gordon Clark of Lancaster University for reading the first draft of the paper, and the Edo state government, Sir Ernest Cassel Educational Grant and Taiwo Idemudia for financial support for the research in Lancaster and Nigeria. The author also wishes to thank AvisAnne Julien for editorial assistance.

Summary/Résumé/Resumen

Summary

The volatile nature of corporate-community relations, which has meant significant loss in oil revenues for governments and a decline in profits for oil transnational corporations (TNCs), has shifted the acquisition of a “social licence to operate” from the periphery to the heart of strategic business thinking within the Nigerian oil industry. Oil TNCs are responding to this challenge with partnership strategies—as a means of contributing to community development, building mutually beneficial relationships with local communities, and reinventing themselves as a force for good in their host communities.

This paper examines the strengths and weaknesses of different community development partnership (CDP) and poverty reduction initiatives for the Niger Delta, Nigeria, in the corporate-community relations strategies of Shell, Exxon Mobil and Total.

The first section describes the study area and the methodology that informed data collection, and clarifies the various concepts used in the analysis.

The second section engages critically with the corporate social responsibility (CSR) strategies, particularly those for community development, adopted by oil TNCs over the years. This section identifies “partnership” as the emerging dominant CSR practice in the oil industry in Nigeria, highlights the various factors that have led to this change in CSR strategy, and discusses the various forms such partnerships have taken.

The third section assesses oil TNCs’ community development partnerships and their contributions to community development, in order to identify the strengths and limitations of partnership as a vehicle for local development. This section is divided into two subsections. The first highlights the strengths and weakness of oil TNCs’ efforts to address their affirmative duties (that is, to pursue social good by contributing to development without any prior wrongdoing on their part), and the second examines the consequence of oil TNCs’ failure to avoid and correct any social injury that results from their operations.

The fourth section discusses the emerging implications for partnership, community development and business-society relations in developing countries. Analysis suggests that CDPs that are bottom-up have a more positive impact on the development of host communities than those that are top-down in nature. However, neither approach has had any real impact on how the core business activities of oil TNCs are undertaken, nor has either served to ameliorate the negative social and environmental impacts of oil production on host communities. Consequently, the paper argues that while partnerships do have the potential to contribute to community development, the failure of oil TNCs to avoid and correct social injury that results from their operations undermines the ability of their partnership initiatives to contribute to community development.

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Résumé

Avec le caractère explosif des relations entre les sociétés commerciales et les populations, qui a entraîné une perte sensible des revenus pétroliers pour les gouvernements et une baisse des bénéfices pour les compagnies pétrolières, l’obtention d’une “licence sociale d’exploiter” s’est déplacée au cœur de la réflexion que mène l’industrie pétrolière nigérienne sur ses opérations stratégiques. Les compagnies pétrolières essaient de surmonter ce défi par des stratégies de partenariat—comme moyen de contribuer au développement communautaire, d’établir avec les

collectivités locales des relations mutuellement avantageuses et de se réinventer comme force de changement bénéfique pour les populations des zones où elles sont implantées.

L'auteur examine les forces et faiblesses de divers partenariats pour le développement communautaire (PDC) et d'initiatives tendant à faire reculer la pauvreté dans le delta du Niger, Nigéria, à la lumière des stratégies conçues par Shell, Exxon Mobil et Total pour améliorer leurs relations avec la population locale.

La première section décrit la zone étudiée et la méthodologie suivie pour la collecte d'informations, et précise le sens des divers concepts employés dans l'analyse.

Dans la deuxième section, l'auteur porte un regard critique sur les stratégies adoptées par les compagnies pétrolières au fil des ans pour démontrer leur sens des responsabilités sociales, en particulier dans le domaine du développement communautaire. Le "partenariat" se distingue comme la pratique la plus courante dans l'industrie pétrolière au Nigéria. L'auteur met en lumière les différents facteurs qui ont entraîné ce changement de politique et expose les formes variées qu'a revêtues le partenariat.

Dans la troisième section, il analyse les partenariats conclus par les sociétés pétrolières pour le développement communautaire et ce qu'ils ont apporté dans ce domaine, afin de dégager les points forts et les limites des partenariats comme véhicule du développement local. Cette section est divisée en deux parties. La première met en lumière les forces et les faiblesses de l'action menée par les sociétés pétrolières par devoir (c'est-à-dire en vue du bien commun, en contribuant au développement sans avoir causé de torts au préalable) et la seconde porte sur les conséquences de l'incapacité des sociétés pétrolières de ne pas nuire par leurs activités et de réparer les dommages sociaux qui en résultent.

La quatrième section fait ressortir les différentes implications concernant le partenariat, le développement communautaire et les relations entre les entreprises et la société locale des pays en développement. L'analyse porte à croire que les PDC dont l'initiative vient de la base sont plus profitables pour le développement des collectivités locales que ceux qui partent du sommet. Cependant, ni les uns ni les autres n'ont eu d'effet réel sur la manière dont sont menées les activités les plus rentables des compagnies pétrolières et n'ont pas réussi non plus à atténuer les conséquences sociales et environnementales néfastes de la production pétrolière sur les collectivités dans lesquelles elle est implantée. En conséquence, l'auteur fait valoir que si les partenariats ont effectivement le pouvoir de contribuer au développement communautaire, en fait ils n'y contribuent pas, les compagnies pétrolières ne pouvant ni s'empêcher de nuire à la société par leurs activités, ni réparer les dommages sociaux qui en résultent.

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Resumen

La naturaleza volátil de las relaciones entre las empresas y comunidades, que se ha traducido en una pérdida considerable de recaudación petrolera para los gobiernos y en una disminución de las utilidades para las compañías multinacionales (CMN) del ramo, ha hecho que la adquisición de la llamada "licencia social para operar" pase de la periferia al corazón mismo del razonamiento comercial estratégico de la industria petrolera nigeriana. Las CMN petroleras están respondiendo a este desafío con asociaciones estratégicas como una forma de contribuir al desarrollo comunitario, establecer relaciones mutuamente beneficiosas con las comunidades locales y hacerse de una nueva imagen como fuerza para el bien ante sus comunidades anfitrionas.

Este documento examina los puntos fuertes y débiles de las distintas asociaciones de desarrollo comunitario y la reducción de la pobreza en el delta del río Níger, en Nigeria, en las estrategias de relaciones empresa-comunidad de las compañías Shell, Exxon Mobil y Total.

La primera sección contiene una descripción del área de estudio y la metodología utilizada para recopilar los datos; también se aclaran los diversos conceptos utilizados en el análisis.

La segunda sección está consagrada al análisis crítico de las estrategias de responsabilidad social de las empresas (RSE), y en especial las de desarrollo comunitario, que las CMN petroleras han ejecutado con el transcurso de los años. En esta sección se habla de las "asociaciones" como la nueva práctica de RSE predominante en la industria petrolera de Nigeria; pone de relieve los diversos factores a la base de este cambio en la estrategia de la RSE y se debaten las diversas formas que tales asociaciones han adoptado.

La tercera sección evalúa las asociaciones de desarrollo comunitario de las CMN y sus contribuciones a dicho desarrollo, con el propósito de determinar los puntos fuertes y las limitaciones de las asociaciones como instrumento de desarrollo local. Esta sección se divide en dos subsecciones. La primera de ellas resalta las ventajas y las deficiencias de los esfuerzos de las CMN petroleras por cumplir con sus deberes afirmativos (es decir, promover el bien social por medio de la contribución al desarrollo sin que hubiera mala acción previa de su parte) mientras que la segunda examina las consecuencias del fracaso de las CMN petroleras en evitar y corregir los perjuicios sociales resultantes de sus operaciones.

La cuarta sección aborda las implicaciones que estas asociaciones, iniciativas de desarrollo comunitario y relaciones empresa-sociedad podrían tener en los países en desarrollo. El análisis indica que las asociaciones de desarrollo comunitario que consultan con las bases (modelo "de abajo hacia arriba") tienen una repercusión más positiva sobre el desarrollo de las comunidades anfitrionas que las asociaciones que siguen el modelo "de arriba hacia abajo". Sin embargo, ninguno de los dos enfoques ha incidido realmente en la forma en que se llevan a cabo las actividades medulares de las CMN petroleras ni contribuido a mejorar los efectos perniciosos de la producción petrolera sobre el entorno social y ambiental de las comunidades anfitrionas. En consecuencia, el documento argumenta que aunque las asociaciones tienen, en efecto, el potencial de contribuir al desarrollo comunitario, el fracaso de las CMN petroleras en evitar y corregir los daños sociales que producen sus operaciones socava la capacidad de estas iniciativas de asociación para contribuir al desarrollo comunitario.

Uwafiokun Idemudia es investigador del doctorado del Departamento de Geografía de la Universidad de Lancaster.

Introduction

Contemporary exigencies due to globalization, the end of the Cold War, the information technology revolution and the bifurcation of world politics have all necessitated the re-evaluation of the business-society relationship,¹ and facilitated the emergence of innovative business social responsibility practices. The re-invigoration of the idea that business has social responsibility that goes beyond profit making to include helping to solve social and environmental problems—corporate social responsibility (CSR)—has provided fertile ground for the debate that has shaped the present direction now assumed by business-society relationships. Critics have argued that CSR is a distraction for business in meeting its primary goal of profit making, and an inefficient means of allocating scarce resources, and that business lacks the legitimacy and competency to take on any such responsibility outside its primary area of expertise.² In contrast, proponents of CSR have responded that the monumental increase in business power, the widespread incidence of corporate misdemeanours, issues of ethics and the increasing inability of governments to meet their basic responsibility to society, as well as regulate business activities, have meant that the acceptance of social responsibility by business has been both inevitable and necessary.³

While this debate is far from resolved, emphasis has since shifted from whether corporations should imbibe the principles of CSR, to the extent to which CSR principles can influence corporate decisions and practices and how business can best address its social responsibilities. Partly in response to the critics' argument that CSR is costly, the "business case" increasingly became a formidable cornerstone for securing business commitment to CSR. The business case suggested that business acceptance of social responsibility invariably results in a "win-win" situation for both business and its stakeholders. As a result, the business case successfully moved CSR from the realm of altruism or morality to the realm of rational economic business decision making. Although findings from empirical research have yet to incontrovertibly support this approach,⁴ its appeal has remained enduring both in the business community and in academia.

The inherent consistency between the logic of win-win and the appreciation that business, government or society alone cannot solve today's complex social and environmental problems, allowed for the touting of partnership formation and stakeholder engagement as a useful strategy for business to meet its social responsibility. For example, according to Business Partners for Development (BPD 2001), business has three choices: (i) it can assume all responsibility at high cost, low risk and foregone opportunities; (ii) it can assume minimum responsibility at low cost, high risk and foregone opportunities; or (iii) it can share responsibilities with government and civil society organizations, which carries manageable cost, low risk and opportunities exploited. BPD (2002) thus concluded that a tri-sector partnership between government, business and civil society that draws on the complementary core competences of each partner yields better results for communities and for business than any other alternative approach (Warhurst 2001; Hamann et al. 2001).

However, despite the fact that partnerships were adopted and seen as beneficial, they are still fairly fragile. The challenges facing partnership have yet to be fully explored. In addition, what constitutes a partnership is largely a matter of debate; most important, there is not a great deal of information on the actual impact of partnership on the intended beneficiaries of CSR (Banerjee 2001; Margolis and Walsh 2003). Therefore, in order to move forward, there is an overarching need to re-evaluate the series of tacit assumptions that underpin the idea of partnership, examine the claims that partnerships make a positive contribution to poverty

¹ While the traditional business relationship was initially conceptualized in terms of "business and society" relations, it is now almost always conceptualized in terms of "business in society" relationships.

² See Friedman (1970, 1962); Henderson (2001); Levitt (1958).

³ See Davis (1973, 1967, 1960); Davis and Blomstrom (1975); Carroll (1991, 1979); Bowen (1953); Bowie (1991); Monsen (1972); Moon (2001).

⁴ See Griffin and Mohan (1997); Margolis and Walsh (2003); Utting (2005).

reduction and sustainable development, and ascertain the actual impact of partnership initiatives on the beneficiaries of such initiatives.

The Niger Delta in Nigeria, famous for the endemic conflict between local communities and oil transnational corporations (TNCs), provides a fertile ground for exploring some of the issues highlighted above (see Idemudia and Ite 2006a). The persistent incidence of oil-worker hostage taking, blockage of oil facilities, oil pipeline vandalization and human rights violations with subsequent damage to corporate reputations have had a negative impact on both government revenue and corporate profit. For example, Edmund Daukoru, special adviser to the presidency on petroleum and energy, asserted that due to the persistent conflict in the Niger Delta, the Nigerian government has lost well over \$6.8 billion⁵ in oil revenue since 1999 (*Afrol News* 2004). Similarly, a recent report portends that given the increase in the spate of violence in the Niger Delta, Shell Petroleum Development Company of Nigeria (SPDC) might not be able to continue onshore oil production beyond 2008. The report also declared that Chevron Texaco lost roughly \$750 million due to community strife and oil pipelines bunkering (*International Herald Tribune* 2004).

Oil TNCs have responded to these challenges by accepting social responsibility and demonstrating their commitment to CSR by increasing community development (CD) spending. According to Moon (2001), such non-profit engagement offers business an opportunity to demonstrate the substance of its social responsibility. Initially, most oil TNCs undertook such non-profit engagement directly and single-handedly, but recently the emphasis has shifted to the use of a partnership strategy to address issues of CD. According to David O'Reilly, chief executive of Chevron, while oil companies now accept their social responsibilities to host communities, the needs of host communities are so numerous that they cannot all be satisfied (cited in Onishi 2002); hence, the need for partnerships.

However, commentators like Frynas (2005) and Akpan (2006) continue to argue that oil TNCs' efforts at CD are abysmal. In contrast, Eweje (2006) and Ite (2007) share an opposing view and instead argue that oil TNCs are making considerable contributions to host CD. Remarkably, for much of this debate, the criteria for the assessment of oil TNCs' contribution to CD are unclear. As such, part of the problem are the divergent perceptual lenses used by different analysts to measure oil TNCs' impacts on CD, the diversity in the definition of development that is often adopted for analysis and the often different scales within which analyses are undertaken (Hamann 2006; Sharp 2006).

Given the complexity of measuring the social impact of business both at local and national levels, what is needed is a focused, critical assessment of oil TNCs' CSR initiatives (such as partnership). Such an assessment would be geared toward highlighting the strengths and weaknesses of the initiative, so as to maximize the contribution and net impacts of business efforts on sustainable development.

Against this background, the specific objective of this paper is to: critically examine the strengths and weakness of some of the oil TNCs'—SPDC, Exxon Mobil (Mobil Producing Nigeria/MPN) and Total (Elf Petroleum Nigeria Limited/EPNL)—community development partnership (CDP) initiatives geared toward poverty reduction and sustainable community development (SCD) in their host communities, so as to improve their impact on, and contribution to, poverty reduction in these communities.

This research agenda is crucial for two reasons. First, at the theoretical level, the discourse of CSR and development is increasingly becoming bogged down by dogmatic positions, especially between those that see CSR as greenwash and those that do not. For example, Wilenuis (2005) argues that only a small minority of the business world lists sustainability in their core value system and even fewer really put their values and principles into action. In contrast, on the

⁵ All \$ figures refer to US dollars.

basis of over 60 case studies, Holliday et al. (2002) argue that significant change in business practices was already under way. Therefore, it is increasingly becoming pertinent to move the debate forward and instead focus on how best to maximize business contribution to sustainable development (Ward 2004).⁶

Second, at the local level in the Niger Delta, partnership is just emerging and appears to be on the verge of becoming the dominant CSR strategy employed by oil TNCs to meet their CSR obligations to local communities. There is, therefore, the urgent need for critical assessments of partnership initiatives, which could inform policies to help strengthen such initiatives and better achieve the desired impact and result for all stakeholders.

The evidence presented draws on findings from surveys and interviews conducted in host communities and with oil TNCs' partners. Local publications by oil TNCs also served as a useful source of secondary data. The paper argues that the CDP initiatives by SPDC, MPN and EPNL have the potential to contribute to CD, but it is the bottom-up approach of EPNL that tends to make a more of a substantial difference than the top-down approach of either SPDC or MPN. However, the failure to integrate negative injunction duties⁷ into existing partnerships means that the partnerships make no difference to how oil TNCs conduct their day-to-day business. Consequently, CDPs have limited impact on poverty reduction and CD. The paper concludes by examining the implications of the emerging issues for partnership, community development and business-society relationships.

1. Case Study Area: Niger Delta, Akwa Ibom State

The Niger Delta consists of nine states, which make up the southern geopolitical zone in Nigeria (see figure 1). The region is predominantly inhabited by minority ethnic groups such as Ijaws, Istekiris, Urhobos, Ibibios and Edos. It extends over an area of about 70,000 square kilometres, which amounts to about 7.5 per cent of Nigeria's total landmass; the coastline extends for 560 kilometres, roughly two-thirds of the entire coastline of Nigeria (NDDC 2004). The region has a population of 27 million people, of which 75 per cent live in rural areas (NDDC 2004).

Decades of political and economic marginalization that resulted from the neglect of the Niger Delta region by successive Nigerian governments, and the initial hesitation of oil TNCs to address their social responsibility and contribute to social development, enshrined poverty in the region. The poverty level in the Niger Delta is higher than the national average (Clark et al. 1999; NDDC 2004). About 70 per cent of the community lacks access to clean water, has no passable roads or electricity supply, a shortage of medical facilities, a large number of dilapidated schools and suffers from severe environmental degradation due to oil production (Zandvliet and Pedro 2002; NDDC 2004). Yet, the Niger Delta accounts for 90 per cent of national exports and 70 per cent of government revenue, mainly from oil and gas exported from the region. The region, therefore, epitomizes an empirical case of the resource curse theory or paradox of plenty scenario.

The study areas are the coastal host communities of MPN (Ibeno and Onna) and EPNL (Eastern Obolo) in Akwa Ibom state. While Ibeno and Eastern Obolo communities are large fishing communities, Onna communities are largely dependent on farming. The case study research reported here combined the use of household surveys and semi-structured interviews for primary data collection.⁸ The semi-structured interviews involved about 60 members of the host

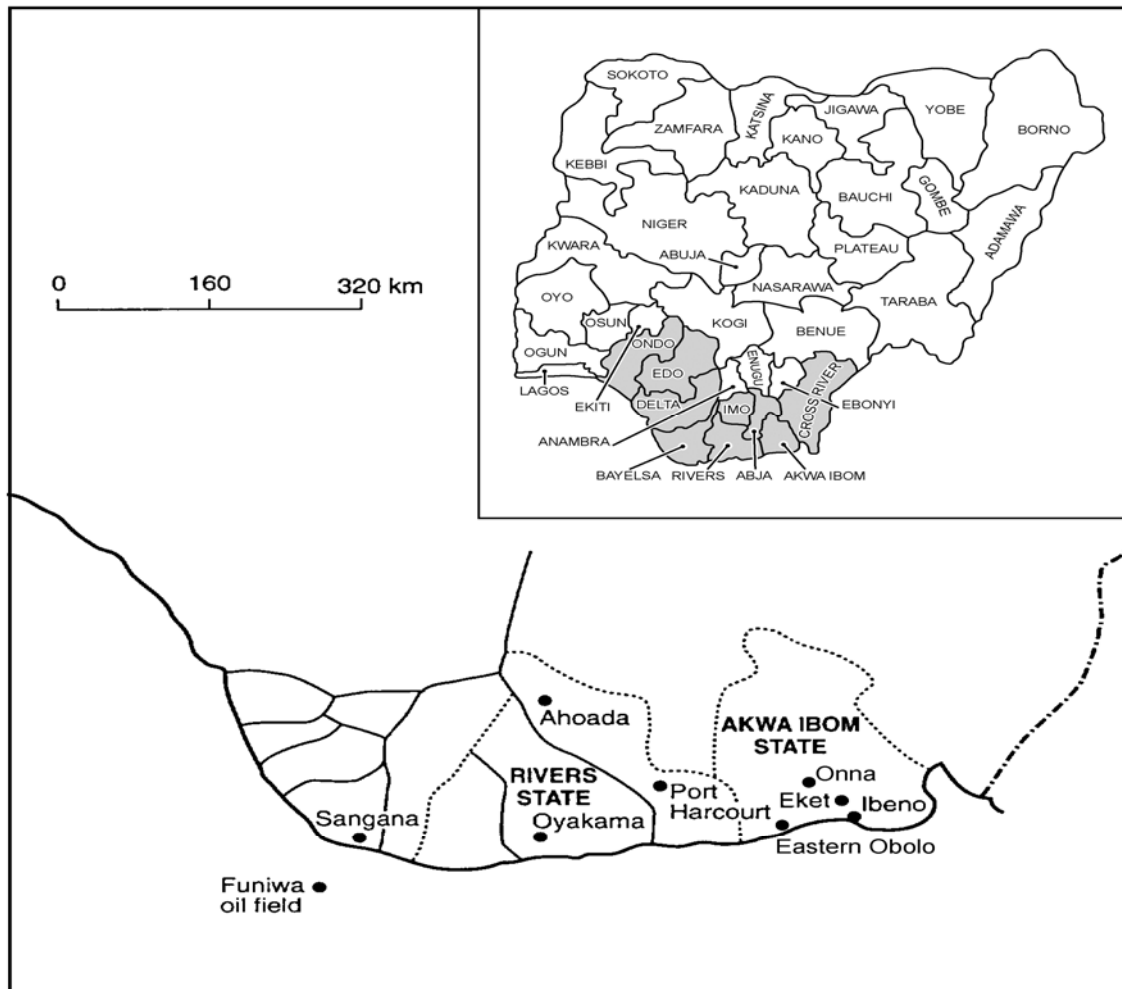
⁶ This is not to suggest that debate about whether business can or cannot contribute to development is not important; rather, the point being made here is that sufficient attention has not been given to how to improve the impact of business initiatives geared toward community development.

⁷ Negative injunction duties refer to the correcting of any negative social and environmental impacts resulting from the MNCs' oil production on host communities. Affirmative duties refer to the MNCs contributing to social good through community development without any prior wrongdoing on their part.

⁸ This local case study is part of a much broader study in which 160 households were surveyed and 130 interviews conducted.

communities (chiefs, women and youth leaders), 20 government officials (Ministry of Environment and Mineral Resources, Ministry of Economic Development, Ministry of Rural Development and the Local Government Council) and 20 oil TNC partners (staff of the Growing Business Foundation/GBF, Pro Natura International Nigeria/PNIN, Ibom rice farm, Eastern Obolo Community Development Foundation/EOCDF, New Nigeria Foundation/NNF and other partners).

Figure 1: Niger Delta states and the study area in Akwa Ibom state



Source: Author's map.

The sampling strategy for respondents interviewed was largely purposive. While some interviewees were identified during the administration of the household questionnaire survey, others were selected because of their direct involvement in dealing with oil TNCs on behalf of the communities, either by virtue of their position in the community or in government agencies, or as partners with the oil TNCs. A total of 72 households were identified in the village of Inua Eyet Ikot (Ibena), 58 in Ikot Ebidang (Onna) and 48 in Emereoke 1 (Eastern Obolo). A systemic random sampling was used to select 70 respondents in Inua Eyet Ikot, 32 in Ikot Ebidang and 43 in Emereoke 1. In all, a total of 145 respondents were surveyed.

Conceptual clarification and analytical framework

The contribution of oil TNCs' CDP initiatives to poverty reduction and CD in their host community is analysed from the perspectives of how well CDPs have been able to address oil TNCs' affirmative and negative injunction duties. Simon et al. (1972), in their attempt to conceptualize CSR, made a useful distinction between two forms of CSR obligation, that is,

negative injunction duties and affirmative duties. They assert that while affirmative duties require the pursuit of moral and social good, negative injunction duties entail avoiding and correcting social injury caused by the corporation. According to them, meeting negative injunction duties is central to CSR obligation, as it is the moral minimum to which all firms must adhere. They argue that while individuals may be expected to exhibit varying degrees in their commitment to promote affirmative duty, everyone is expected to refrain from injuring others.

This distinction between affirmative and negative injunction duties has three main benefits. First, it facilitates analytical clarity and, second, it encourages the assessment of oil TNCs' initiatives from both the perspective of philanthropy and how they conduct their core business operations.⁹ Third, the distinction allows for an understanding of CSR that goes beyond compliance with the law (Fox et al. 2002) and is, therefore, suitable for evaluating the complex relationship between CSR and development.

Furthermore, since CD and poverty reduction are the primary focus of the present analysis, and are complex concepts that are easier to describe than define, it is important to clarify their usage and deployment in the present analysis. CD is defined here as the process by which the efforts of the people themselves are linked with those of other agents and actors to improve the socioeconomic and cultural conditions of the community; this, in turn, leads to people becoming more competent to fully contribute to national progress and able to live with and gain some control over local conditions and the changing world.¹⁰ At the heart of this definition are the issues of:

- improvement in socioeconomic and cultural conditions in host communities;
- capacity building and self-help in host communities; and
- community empowerment in host communities.

Effort is, therefore, made to highlight CDPs' contributions to any of these aspects of CD in the course of the analysis. In addition, although there are multiple understandings of poverty, it is the World Bank (2001) conceptualization of poverty, in four broad categories, that informs the analysis undertaken here:

- material deprivation;
- low levels of education and health;
- vulnerability and exposure to risk; and
- voicelessness and powerlessness.

According to Pegg (2006), this conceptualization of poverty provides a sound framework from which to assess the mining sector's empirical record on poverty alleviation.

Furthermore, since oil TNCs' CDP initiatives' contributions to poverty reduction do not take place in a vacuum, it is imperative that analysis gives due consideration to the context in which such alliances are formed and contributions are made. Hence, the presence or absence of an enabling environment for CSR needs to be factored into the overall assessment of oil TNC CDP initiatives. According to Fox et al. (2002), an enabling environment implies a policy environment that encourages and provides incentives for business activities that minimize environmental and social cost, while at the same time maximizing economic gains. Alternatively, according to Idemudia and Ite (2006b), an enabling environment is one in which

⁹ This is very important in that it allows for the avoidance of the denigration of one form of CSR obligation over the other as with the case of Jenkins (2005) (see Fox 2004 for a criticism of this problem), and addresses the argument that business should be judged on its core business operation as opposed to its philanthropic gestures, as argued by Hayes and Walker (2005).

¹⁰ Obibuaku 1983 and Ajayi 1995, cited in Ajayi and Otuya 2005; Ayo and Oluwu 1985.

the obstacles to CSR policies and practices are minimized and the incentives for CSR practices are maximized, with room for feedback concerning the impact of CSR practices.

The analysis that follows proceeds from two basic assumptions; first, it accepts that CD and poverty reduction is the responsibility of all stakeholders. In others words, host communities and government have important roles to play in ensuring SCD and poverty reduction. Second, it accepts Moser's (2001) and Warhurst and Mitchell's (2000) assertions that the optimization of the potential positive social, economic and environmental impact of crude oil production, and the identification and minimization of corresponding negative impacts, are the most important contributions that oil TNCs can make to SCD.

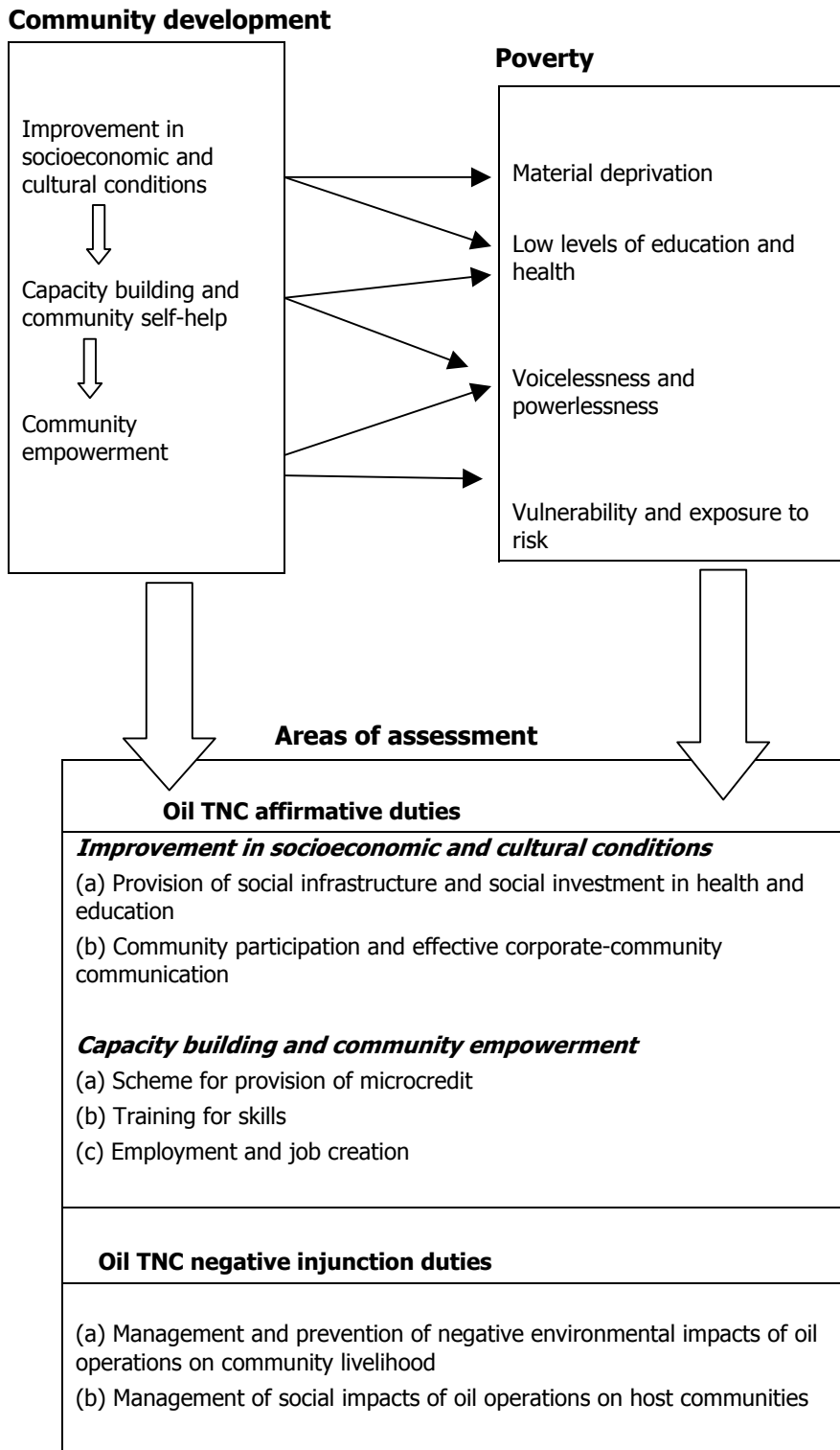
Figure 2 captures diagrammatically the analytical framework that informs the analysis undertaken in subsequent sections. The analytical framework rests on the relationship between oil TNC CDP contributions to specific aspects of CD and their possible effects on poverty reduction within host communities. For example, contribution to improve socioeconomic conditions in host communities via investment in health, education and basic social infrastructure would invariably contribute to poverty reduction as it contributes to reduction in material deprivation within the community. Similarly, contributions to improve socioeconomic conditions in host communities on the basis of capacity building and the principle of self-help would engender community empowerment. Communities that are empowered and have sufficient well-developed capacity are more able to address the issues of vulnerability and risk that they face in their day-to-day existence.

Overall, the integration of the definition of CD and poverty together suggest that efforts geared toward addressing any aspect of CD are bound to have a knock-on effect in helping to reduce poverty in the host communities. This integration allows for the identification of specific areas where oil TNCs' CDP initiatives can make a significant difference to poverty reduction in host communities under the umbrella of either affirmative or negative injunction duties. It is in these areas (see figure 2) that CDP contributions will be closely examined. The first part of the analysis, in section 2, discusses each case study and identifies the nature and contribution of the different CDPs; section 3 takes a critical look at the relative strengths and shared weaknesses of the different CDP initiatives.

2. Corporate Partnerships and Community Development: The Case of SPDC, MPN and EPNL

Partnership initiatives undertaken by oil TNCs to contribute to CD have generally taken different forms and sometimes involve different actors such as government, non-governmental organizations (NGOs) and local communities. Three different forms of these CDPs are examined here. The first is the government-business partnership, that is, SPDC and the Niger Delta Development Commission (NDDC) partnership. The second is the business-NGO partnership, which is the dominant partnership strategy of MPN, and the third is the corporate-community partnership facilitated by NGOs, which is the adopted partnership strategy of EPNL (see table 1).

Figure 2: Assessment criteria for oil TNC contributions and their impact on SCD



Source: Author's diagram.

Table 1: Corporate partnership focused on CD in the Niger Delta

Type of partnership	Name of partnership	Key partners	Partnership focus	Location of partnership
Strategic alliance (SA) and programme partnership (PP)	SPDC/NDDC	Oil TNCs and Federal Government of Nigeria (FGN)	Various; mostly a provision of social infrastructure	Niger Delta
PP	Integrated CD project	MPN/Akwa Ibon state government (AKWSG)/United Nations Development Programme (UNDP)–Human Development Fund (HDF)	Social infrastructure/microcredit scheme/skill development	Awka Ibon state
PP	Ibom rice project	MPN/AKWSG/Midland Rice of Arkansas	Agriculture	Akwa Ibon state
Programme implementation partnership (PIP)	MPN/Support and Training Entrepreneurship Programme (STEP)/GBF partnership	MPN/STEP/GBF	Microcredit scheme and capacity building	Akwa Ibon state
PIP	MPN/NNF partnership	MPN/NNF	Health	Akwa Ibon state
PP	EPNL/River state government partnership	EPNL/River state government	Infrastructure and health	River state
PIP	Niger Delta Initiative	EPNL/Oil Mining Lease (OML) 58 communities/United Nations Volunteers (UNV)/UNDP	Various	River state
PIP	Eastern Obolo Community Development Foundation	EPNL/Pro-Natura/Eastern Obolo Communities	Various	Akwa Ibon state

Source: Fieldwork carried out in 2005. Author's compilation.

SPDC and CDP in the Niger Delta

SPDC is the pioneer oil TNC in the Nigerian oil industry and, by virtue of first-mover advantage (Frynas et al. 2000), has remained the largest and the most dominant oil TNC in Nigeria. SPDC accounts for 40 per cent of Nigeria's total crude oil production and has interests in five companies in Nigeria under the umbrella of SPDC Companies in Nigeria, including SPDC, the Shell Nigeria Exploration and Producing Company, Nigeria Liquefied Natural Gas, Shell Nigeria Gas and Shell Nigeria Oil Products. SPDC's dominant position in the Nigerian oil industry and the fact that the bulk of its oil exploration takes place onshore within local communities have meant that the company is more frequently under local and international scrutiny than other oil TNCs in Nigeria. Criticisms emanating from such scrutiny over what SPDC has done or failed to do have had significant ramifications for the corporate-community relations strategy that the company has adopted.

SPDC asserts that its business model contributes to local development in two ways. The first is through efficient and ethical pursuit of its core business activities in a way that maximizes beneficial spin-off for host countries and communities, and the second is through social investment that goes beyond philanthropic grants to actual technical and financial support for local development initiatives (SPDC 2004a). However, SPDC's early strategy for contributing to CD in the 1960s was largely defined by a community assistance (CA) approach to CD. The strategy was based on corporate philanthropy with a focus on giving things to communities

around SPDC's facilities. Its CA approach to CD was about the company giving whatever it felt the communities needed (SPDC 2004a; Ite 2007). Hence, SPDC single-handedly planned and implemented social infrastructure projects that were donated to communities as a means of securing local right of way. The CA approach to CD was characterized by one-time "gifts" to communities and a lack of community involvement, as opposed to support for a long-term SCD plan. The results were school blocks built by SPDC that were never used, renovated hospitals without doctors and water pipes that functioned for only a few days after construction.

This CA pay-as-you-go strategy changed by the mid-1990s, due to events such as Brent Spar, fledging corporate-community conflicts such as the Ogoni crisis that necessitated a change in corporate-community relations strategy, and SPDC seeking to reinvent itself as a force for good in society. According to SPDC (2004a), by mid-1996, it became clear that though its CA projects were valued and seen as "trophies" by some communities, the added value to society and business was low.

In 1997, SPDC changed its community relations strategy from community assistance to community development. The failure of CA projects was largely attributed to poor community participation in the design, monitoring and implementation of the projects; this meant that most communities did not see the need to maintain such projects because they were seen as SPDC's projects. Similarly, such projects were often either poorly implemented and not utilized or they failed to address communities' priority needs. As a result, the CD approach focused on securing community participation, partnering and building local capacity to ensure sustainability and a multiplier effect (SPDC 2004a). SPDC's approach to CD invariably allowed for projects to be determined by communities via participatory needs assessment processes and implemented by communities through project management committees whose capacity have been built by the oil TNC. Ite (2007) thus asserts that SPDC's CD approach had the potential for community empowerment and the development of social capital in host communities. However, Zalik (2004) notes that the partnership development model under the CD approach was really less about empowerment and more about promoting non-confrontational, respectful negotiations with authority. This alternative interpretation of the CD approach is due to the fact that consultation with communities under community development was still largely ad hoc and limited to philanthropic issues as opposed to genuine engagement that focused on stakeholder relationships.

Nevertheless, SPDC's transition from CA to CD was underpinned by three broad CD policy objectives: (i) to support sustainable socioeconomic development of host communities; (ii) to improve family welfare through economic empowerment, education and health care services; and (iii) to introduce best practices into community support programmes (SPDC 2004a). Hence, community development focused not only on education, social infrastructure and agriculture as in community assistance, but also on microcredit, women in development, water and sanitation. However, an internal review in 2002 suggested that SPDC was unable to achieve the full objectives of its CD policy (SPDC 2004b). SPDC (2004a) identified growing community expectations and sustainability problems of existing intervention as the recurrent challenges that faced its approach to CD. Ite (2007) attributes these problems to the fact that the CA model with a traditional focus on philanthropy was operated side by side with the CD model. Consequently, community ownership and sustainability of CD projects were minimal, the wider impact of such projects limited and the demands of local communities with greater instability in the region increased. The implication of the transition from CA to CD suggests that a fundamental problem with oil TNCs' CD efforts and strategy (CA and CD) is not so much that SPDC is inherently insincere as some critics might argue; rather, it is that CD efforts based on the "business case logic", as adopted by SPDC, are often incompatible with long-term local development best practices.

In response to the problems associated with the CD approach as well as due consideration of the outcome of its internal review process in 2002, SPDC's community relations strategy went through another paradigm shift from CD to SCD in 2003. SCD involves the management of the

community interface as a core line of responsibility within SPDC through the area teams that interact daily with the communities (Ite 2007). SCD's departure from CD is that it lays more emphasis on partnership between SPDC and various stakeholders. As such, SPDC now strives to build strong and real partnerships to enhance diversified economic growth, sustainable agriculture, decreased conflict and increased security and job creation through business development, education and good governance (SPDC 2004a).

This renewed emphasis on partnership by SPDC in its SCD approach to CD can be attributed to SPDC's pragmatic response to its business environment and its drive to cut costs with regard to CD spending (business case). Over the years, SPDC's CA and CD approach to community relations enshrined a dependency culture in host communities, as limited community involvement meant that communities perceived themselves as helpless victims of circumstance rather than actors in the development process (Ite 2007). The consequence of this dependency culture was an escalation in community expectations and demand for developmental benefits from SPDC and other oil TNCs that in turn translated into higher spending for CD. For example, in 2002 alone, SPDC spent a total of \$67 million dollars compared to \$32 million in 1997 (SPDC 2004a, 2004b, 2003).

Presently, within its SCD strategy, SPDC has adopted the Global Memorandum of Understanding (GMOU) system¹¹ with its host communities rather than signing individual agreements with each community. According to Omiyi Basil, Managing Director of SPDC Nigeria,

we have decided to adopt the system of signing GMOUs with communities. This is an agreement with a group of communities rather than a particular one. In this case some of the communities are closer to our facilities while others are not, at the end all of them benefit and development would be enhanced (Adekoye 2006).

The implication of this GMOU is that SPDC is now not only able to manage escalating community expectations and the associated cost, but it is also able to respond to criticisms that its CD efforts sometimes incite conflict between neighbouring communities that are often in competition to obtain such benefits. In addition, SPDC's renewed rhetoric and emphasis on partnership as its preferred strategy for contributing to CD meant that it took the lead in fostering an active emerging partnership with the NDDC established by the Federal Government of Nigeria (FGN) in 2000. The emergence of partnership as a dominant practice in SPDC's community relations strategy has since seen a decrease in its CD spending, which dropped from \$67 million in 2002 to \$30.8 million in 2003 (SPDC 2004b; Ite 2007).

The establishment of NDDC¹² in 2000 by the federal government is the outcome of the incessant conflict in the Niger Delta region and the changing political atmosphere in Nigeria at that time, from years of military dictatorship to a nascent democracy in 1999. NDDC was established and charged with catalysing socioeconomic development of the Niger Delta region. The mission of NDDC is to transform the region into an enclave that is economically prosperous, socially stable, ecologically regenerative and peaceful (NDDC 2004). To achieve its goal and mission, NDDC is organized into eleven functional departments that include:

- rural and community development;
- administration and human resource;
- utilities, infrastructural development and waterways;
- environmental protection and control;

¹¹ This strategy was first initiated by Chevron in Nigeria.

¹² NDDC is the third institution that has been created to address the problems in the Niger Delta; the first is the Niger Delta Development Board in 1961, and the second is the Oil Producing Area Development Commission in 1993, both of which have been described as failures (Frynas 2000; Ite 2004; Francis and Nzeshi 2002).

- planning, research, statistics and management information;
- agriculture and fisheries;
- legal services;
- finance and supply;
- project monitoring;
- education, health, and social services; and
- project monitoring.

The NDDC board is made up of representatives of the Niger Delta states (see figure 1), non-oil producing states, oil companies, and selected federal and state government agencies. The institution is managed by a team headed by a chief executive officer appointed by the federal government. The NDDC act that instituted the commission requires the federal government to contribute 15 per cent of oil revenue to the commission, while oil TNCs are expected to contribute 3 per cent of the annual budget to the commission. In addition, member states are expected to contribute 50 per cent of the ecological fund allocated to them to the commission. However, in practice, the FGN contributes only between 10 per cent and 12 per cent, the oil TNCs deduct their individual CD spending before making their 3 per cent contribution and the state government continues to give little or nothing to the commission (Alexander's Gas and Oil Connections 2004).

Part of the problem with previous efforts at development in the Niger Delta has been the lack of coordination and synergy in the development efforts of the different agents of development (Frynas 2005). Hence, in December 2001, NDDC launched a master plan for the development of the Niger Delta, which not only offers an opportunity for the participation of various stakeholders, but also provides a time-sequenced framework for the development of the region over the next 15 years in four areas that includes economic development, human and community needs, the natural environment and physical infrastructure (Ite forthcoming). While the final version of this draft plan is yet to be published and is still under review, as of the end of June 2005, NDDC had implemented a total of 814 development projects in the Niger Delta in the areas of health, agriculture and social infrastructure (Edem 2005 cited in Ite forthcoming). For example, in Rivers state alone (see figure 1), NDDC has so far implemented 122 projects that includes 85 blocks of classrooms, 40 roads, 29 water projects, 11 electrification projects, 3 canalization projects, three jetties and one bridge (*This Day News* 2006b).

In line with its SCD emphasis on partnership, the SPDC/NDDC partnership emerged in 2003. The first output of this partnership was the signed agreement between SPDC and NDDC to construct the Ogbia-Nembe road project in Bayelsa state (see figure 1). The various efforts by FGN to build this road in the 1970s ended in failure. While SPDC completed the first phase of the project, a 38-kilometre road from Imiringi to Ogbia station at a cost of \$36 million, the SPDC/NDDC partnership will complete the second phase of the road from Ogbia to Nembe at the cost of \$50 million dollars. The road, when completed, will help connect 13 major communities in Bayelsa state to the capital in Yenegoa.

Second, as part of the SPDC/NDDC partnership, SPDC has contributed to building the institutional and technical capacity of NDDC to help facilitate the development of the region. For example, SPDC supported NDDC in the development of the Niger Delta Regional Development master plan by seconding one of its experts on CD to NDDC for six months (SPDC 2005 cited in Ite forthcoming). Ite (forthcoming) also asserted that SPDC facilitated and hosted a number of workshops that brought various stakeholders together and contributed to the development of the Regional Development Master Plan.

While the SCD strategy presently informs SPDC's community relations practices, SPDC expects that it would have to be implemented for at least five years before social sustainability is

embedded as a practice and way of thinking and doing business within the corporation (SPDC 2004a).

MPN and CDP in the Niger Delta

MPN is the world's largest oil TNC with operations in nearly 200 countries (Skjearseth 2003). In Nigeria, MPN has three subsidiaries: MPN, Mobil Oil Nigeria Plc and Esso Exploration and Producing Nigeria Limited. MPN oil production is largely offshore, off the coast of Akwa Ibom state and Rivers state. MPN has four core host communities in Akwa Ibom state, which are Ibeno, Onna, Eket and Esiri Eket. The bulk of MPN's CD efforts are concentrated in these host communities (see figure 1).

Corporate philanthropy and social investment traditionally were the main strategies employed by MPN to contribute to CD. MPN's efforts in this regard were in the areas of health care, education, road construction, electricity and water supply. It constructed and renovated health centres and donated medical equipment and medicines. It also supported education in its host communities via the construction and renovation of classroom blocks, the donation of science equipment and the provision of financial incentives for teachers that agree to teach in riverine areas (Exxon Mobil 2003, 2002).

However, in 2002, MPN formally shifted its focus in CA initiatives from providing social infrastructure to local capacity building and economic empowerment. The shift in MPN's emphasis in its CA projects was partly in response to local community demands, but also largely due to three main reasons. First, according to MPN, the government now has the resources to build infrastructure through the establishment of NDDC to which MPN contributes over Naira (N) 3 billion¹³ per year. Second, MPN does not have the resources or expertise to make development happen by itself; other organizations need to be enlisted to help. And third, true SCD is based on the creation of wealth within communities and not on the redistribution of income, assets or gifts. Real economic growth is based on private investment and individual initiative (MPNCN 2002a). MPN's new emphasis on capacity building and economic empowerment made the forming of partnership imperative, and partnership the dominant strategy for managing issues of corporate-community relations. The partnership may be strategic alliance (SA), programme partnership (PP) or programme implementation partnership (PIP). SA and PP offer the opportunity for interagency cooperation and joint funding, while PIP involves partners' delivery of these programmes on behalf of the companies (Finlayson 2003 cited in Ite 2007).

The Integrated Community Development Project (ICDP) is one of MPN's PPs. ICDP was initiated by the Akwa Ibom state government (AKWSG) in April 2002, which launched the project with an endowment fund of N15 million. The United Nations Development Programme (UNDP)-Human Development Fund (HDF) pledged N20 million and MPN donated N50 million to the project.¹⁴ According to sources in the Ministry of Economic Development,

the state government initiated the public-private partnership programme because it did not know what MPN was doing and felt MPN efforts were not making enough impact on community development. Hence, government said to MPN why don't we work together so that we can avoid duplication of development projects and focus on a synergy for development (Iniobong Awail, personal communication, 16 June 2005).¹⁵

ICDP focuses on capacity building such as a microcredit scheme to boost small-scale enterprise in areas of agriculture, carpentry, hairdressing and other skills development. The project is also

¹³ £1 = N250 to and \$1 = N128 approximately (March 2007).

¹⁴ MPNCN 2005; Iniobong Awail, personal communication, 16 June 2005. Iniobong Awail is the deputy director of the Ministry of Economic Development in Akwa Ibom state and acts as a facilitator of the ICDP projects that are hosted by the ministry on behalf of the state government.

¹⁵ Project duplication is one of the major problems limiting oil MNC efforts on CD; see Frynas (2005).

involved in the provision of social infrastructure such as tap water.¹⁶ ICDP is based on a support agreement and memorandum of understanding signed by the various partners—AKWSG, MPN, UNDP-HDF—and which stipulate the roles and responsibilities of each partner. MPN provides funds and participates in selecting the beneficiary communities. The Ministry of Economic Development, which is the representative of AKWSG, is responsible for project implementation, monitoring and evaluation. In addition, the ministry reports back to partners, while the community as a benefactor is consulted to ascertain its needs. Communities are also required as part of their contribution to donate land for the provision of social infrastructure and set up project management committees to ensure project sustainability and community ownership of projects.¹⁷

Other MPN CDP initiatives are mostly PIPs. The first of such partnerships was the agricultural partnership between MPN, AKWSG and Midland Rice of Arkansas in the United States. The partnership established the Ibom rice farm in Ikot Ebidang village in Akwa Ibom state. While MPN contributed \$5.5 million, AKWSG donated the 4,000 hectares of land where the project is located, and Midland Rice is expected to bear the cost of running the rice farm and assume responsibility for the management of the project (MPNCN 2004a).

The project began in April 2001, when four staff members of the Akwa Ibom state Ministry of Agriculture were sponsored by MPN for a six-month training course at Midland Rice facilities in the United States. In December 2001, MPN signed a support agreement with Midland Rice to financially support the agricultural project in the state (MPNCN 2004a). The Ibom rice project consists of three components. One is the farm field school, where local farmers would be given practical training on modern farming techniques. The second is the rice milling plant, and the third is the agricultural technology centre that would also serve as an avenue for technology transfer (MPNCN 2004a). In addition, there is a small poultry farm managed by MPN. The key target groups are local farmers, unemployed youth and agricultural graduates who want to benefit from practical training (MPNCN 2004a). The rice farm is expected to generate local employment when fully operational as well as produce rice for local consumption and export. However, at the time of a field visit in 2005 (January to July), the rice farm was still far from fully operational.

The second PIP is the MPN/Support and Training Entrepreneurship Programme (STEP) and the MPN/GBF partnerships. These partnerships are mutually reinforcing as they are both geared toward poverty alleviation via capacity building and economic empowerment. STEP is a microenterprise development organization run by the International Finance Corporation, which assists microenterprises and small enterprises in the informal sector to grow and be integrated into the mainstream economy via capacity building. GBF is an NGO with a vision to promote “sustainable economic development led by socially responsible businesses and individuals” (GBF 2003a:2).

In December 2001, MPN signed a support agreement with GBF. GBF was charged with the responsibility of implementing programmes that cover agriculture, skill acquisition and a microcredit scheme, while MPN provides the funds. In 2002, MPN also facilitated the establishment of a STEP office in Eket in Akwa Ibom state. Similarly, MPN provides the funds, while STEP helps build the capacities of potential beneficiaries. MPN would usually recommend potential beneficiaries to STEP; STEP, in turn, would engage in capacity building and the training of potential beneficiaries in areas such as business entrepreneurship, management skills and record keeping. Successful candidates either go on to manage their businesses or are recommended to GBF for loans.

GBF then subjects potential beneficiaries to a rigorous screening process before they qualify for loans. The process involves group formation by beneficiaries, credit evaluation, a visit to the

¹⁶ Iniobong Awai, personal communication, 16 June 2005.

¹⁷ Iniobong Awai, personal communication, 17 June 2005.

individual business location to verify all of the information received, general credit assessments, loan interviews and attendance at capacity-building training courses (MPNCN 2004b; 2002b). In 2003, MPN asserted that it had committed a total of N137,369,167 to the activities of GBF and STEP (MPNCN 2004a). Exxon Mobil (2003) also asserted that about 213 people benefited from the three-year partnership scheme in 2003. In 2004, about N73 million was disbursed to an estimated 791 beneficiaries in the host communities (MPNCN 2004a, 2004b; GBF 2004, 2003b).

The third PIP is in the area of health care delivery. MPN partners with NNF, an affiliate of Citizens International of Boston, United States, to prevent and treat malaria. In 2001, MPN entered into an agreement with NNF to facilitate and promote community health services for sustainable development. MPN provides the funds, while NNF implements the project on behalf of MPN in 14 communities across Akwa Ibom and Rivers states. Funds provided by MPN are paid into a drug revolving account on a quarterly basis and are managed by the Community Health Committee with the assistance of the NGO (MPNCN 2002a). Following the agreement, NNF engaged other local NGOs to facilitate the implementation of the projects, including Reproductive Health Service, Community Partnership for Development, Vanguard Network and the Foundation for Economic Research and Training (MPNCN 2004a). The programmes were jumpstarted by a community health needs assessment and the creation of a community health committee to ensure that they serve the most important local needs and stay on track. This was followed by the training of local health personnel, a supply of drugs, provision of potable water and a general upgrade of the community primary health system (MPNCN 2004a, 2002a).

These different partnership initiatives are expected to help MPN make a positive contribution and strengthen local communities (Exxon Mobil 2003). They supposedly allow MPN to draw on the resources and expertise of local and international developmental agencies to complement its efforts and, therefore, avoid criticisms that oil TNCs lack the soft skills for CD (see, for example, Frynas 2005). However, given that most of MPN's partnerships are not community driven, as communities are often not involved as direct partners but more often as benefactors rather than active participants, MPN partnerships are thus largely top-down in nature.

EPNL and CDP in the Niger

Successive mergers between Total and Petrofina in 1999 and between Totalfina and Elf in 2000 made TotalfinaElf the fourth largest oil TNC in the world. On 6 May 2003, the group adopted the new name of Total (Total 2004). In Nigeria, Total has three subsidiaries: EPNL, Total Upstream Nigeria Limited and Total LNG Nigeria Limited. EPNL operates both offshore and onshore in Akwa Ibom and Rivers states. EPNL, like most other oil TNCs, engages in CSR via corporate social investment in infrastructural provision such as, for example, the construction of market stalls in the Eleme Alimini community, the construction and renovation of classroom blocks, and the donation of science equipment to Akabuka and Ogbogu communities in Rivers state. An early EPNL partnership with the Rivers state government provided health care delivery in the Erema community. EPNL renovated and refurbished a health centre abandoned by the government and provided logistics and drugs for the health centre via contractors. The Rivers State Health Management Board provided health personnel, whose wages would be supplemented by EPNL (Okafor 2003).

However, in 2002, EPNL departed from its traditional approach to corporate community relations by jumpstarting its operation at its new offshore Amenam/Kpono oil field in Akwa Ibom state with the establishment of a corporate-community foundation in partnership with the NGO PNIN and its host communities in Eastern Obolo. There are two possible interrelated reasons for EPNL's change in approach. First, like most other oil TNCs, investment in social infrastructure was meant to help secure a conducive environment for oil exploration.¹⁸ However, despite a huge investment of roughly \$13.7 million in community causes from 1994 to

¹⁸ See Zandvliet and Pedro (2002); Frynas (2005); Idemudia and Ite (2006a).

2000,¹⁹ corporate-community conflict was still on the increase with significant repercussions for the firm's operations. According to Okafor (2003), while EPNL asserts that its community spending is in recognition of its citizenship responsibility, a more obvious deducible reason for such social investment was to ensure unhindered operation, given that community investment by EPNL did not have a definite framework for capacity building or community empowerment.

Second, the widespread acclaimed success of the first corporate-community development foundation in Akassa in Bayelsa state in the Niger Delta, supported by Statoil and Chevron Texaco, facilitated interorganizational learning. Different oil TNCs have, as a result of the Akassa CD foundation, sought to adapt and adopt the strategy for corporate social investment in their various host communities. Following a visit by EPNL to Akassa, EPNL engaged PNIN to facilitate a reproduction of the model in Eastern Obolo and Opobo Nkoro. Similarly, Nexen, an oil TNC, made the same gesture and the model has now been adopted in its host community in Oron in Akwa Ibom state.

The partnership between EPNL, PNIN, VSO²⁰ and the Eastern Obolo communities established EOCDf in December 2002. EPNL provides funding of \$350,000 per year, and PNIN and VSO facilitate the activities of the foundation by building local capacity and providing technical support for the projects supported by the foundation. Community members are responsible for the management of the foundation and for the design, implementation and monitoring of CD projects. Hence, the foundation is largely community owned and centred and, therefore, adopts a bottom-up approach to CD. As argued by the foundation secretary, Agba Samson,

EOCDF is a community development institution based on participatory rural development with the people as partners, and a view to reduce poverty (personal communication, 16 May 2005).

The foundation adopts a democratic strategy for relating with its constituent communities so as to ensure wide representation of the different groups, activities and people within the various communities. At the beginning of each year, members of the steering committee appointed by their different villages meet to set up a development plan in a workshop where community needs are identified and prioritized. These prioritized needs are based on axial needs²¹ and become the activities to be undertaken by the foundation for that year.²² However, in a group interview with the chiefs in Emereoke 1, they asserted that elections to the steering committee had not been held in the past year, and they also questioned the legitimacy of allowing people from Iko village²³ to nominate the executives of the foundation instead of allowing for elections for such positions. Nonetheless, the foundation's programmes are monitored by a Project Liaison Committee that works with foundation staff, PNIN and VSO facilitators to ensure the successful implementation of the projects. The activities of the foundation include institutional and capacity building, provision of social infrastructure, microcredit schemes and natural resource advocacy.

3. Critical Assessments of Oil TNCs' CDPs and Their Contribution to Host Community Development

Most oil TNCs' CDPs are still in the early stages of implementation and are, therefore, not particularly amenable to a comprehensive evaluation. Nevertheless, a number of issues emerge from a close scrutiny of existing efforts, some of which highlight the strength of these initiatives

¹⁹ Touching Lives 2000 cited in Okafor 2003.

²⁰ Voluntary Service Overseas (VSO) is an NGO.

²¹ The 30 communities that make up Eastern Obolo were divided into three axial groups consisting of nine to 10 communities.

²² Agba Samson, personal communication, 16 May 2005.

²³ The EOCDf office is located in Iko village.

and others their weakness. Such weaknesses, if left unaddressed, could severely limit the impact of CDPs on poverty reduction and CD.

Oil TNCs' CDP initiatives and affirmative duties

One observed strength of the bottom-up approach to CDP is its ability to build local capacity and social capital, and stimulate the growth of local economy. This is particularly evident with regard to how EOCDP implements its infrastructural provision projects. Unlike the traditional approach to corporate social investment, where oil TNCs provide social infrastructure via contracts, EOCDP requires communities to identify and prioritize community needs on the basis of axial community needs as opposed to individual community needs. This process invariably engenders communication, negotiations, trust and relationship building among formerly competing communities for CD projects from oil TNCs. As a result, social capital²⁴ is enhanced, a positive intercommunity relation (which is rare in the region) is enshrined and high community expectations are effectively managed. Similarly, since projects are designed and implemented by the communities with the help of PNIN and VSO, the bulk of the financial investment in social infrastructure stays in the community. In addition, the unemployed community youth who take part in such projects get the opportunity not only to earn a living, but also to develop useful technical skills. For example, most of the N20 million spent by the foundation on infrastructure projects in 2004 was paid to local labourers, artisans and suppliers (EOCDF 2004). Similarly, Emmanuel Edeth, a youth from Atabrikang in Eastern Obolo, asserted during an interview that

partaking in the building of the culvert you just passed was a useful experience for me, not only did I use the money I was paid to buy my university matriculation exam form, but I also learned how to lay blocks. Now I get called by my brother in Uyo to come work for them anytime they get government contracts (personal communication, 13 May 2005).

In contrast, the top-down approach of MPN or SPDC that still uses contractors for social infrastructure provision does not carry similar benefits. Instead, accusations that projects were either poorly implemented or were not implemented at all are still quite common and have partly been responsible for damaging MPN's and SPDC's development efforts.

CDP initiatives such as MPN's agricultural partnership, the Ibom rice farm, have the potential to alleviate poverty by strengthening traditional sources of livelihood that are presently in decline partly due to oil production. Interviews with Ibom rice farm staff suggest that the farm has employed about 12 youths from the village. The chief of Ikot Ebidang, like most respondents in the village, share the view that if the Ibom rice farm ever becomes fully operational, it will be beneficial to the community. According to the chief, "if the Ibom rice gets under way, development will come to our community".²⁵ However, the time it has taken for the project to take off has begun to dampen such hopes in the community. According to the women's leader in the village,

the discussion for the Ibom rice farm stated in 1999, till date the farm is yet to begin full operation. They have employed 5-6 boys in the entire community but no woman was employed. We the women decided to form a cooperative so that we can run the poultry farm with Mobil, but till date we have still not been able to benefit (personal communication, 14 April 2005).

Similarly, CDP initiatives that focus on microcredit schemes, skill acquisition centres and investment in small and medium enterprises also have enormous potential to ameliorate poverty in host communities. For example, Olujide (2006) notes that 58 per cent of respondents in Eastern Obolo identified inadequate capital and credit facilities as major constraints to

²⁴ Social capital is defined here as the norms and networks that enable people to act collectively (Woolcock and Narayan 2006).

²⁵ Sam Udoh, personal communication, 13 April 2005.

livelihood activities. In addition, Itoro Rose, a resident of Inua Eyet Ikot village, asserted that “I have really benefited from the loans given by Mobil, my business is growing well, and we are living better than we used to”.²⁶ However, these microcredit schemes as implemented at the time of writing face a number of critical challenges that could undermine their long- and short-term impact on poverty reduction. First, microcredit schemes like those supported by MPN need to seek government and other potential donors’ involvement. Discussions with members of the GBF team suggest that resources have been overstretched as potential beneficiaries often surpass the funds made available by MPN. This problem calls into question the sustainability of the scheme and MPN’s exit strategy in the long term.

Second, the people that most need the scheme are either unaware of it, excluded by selection criteria or prevented by cultural factors from getting such loans. The Grameen Bank model that seems to underpin many of the microcredit schemes in the region needs to be carefully realigned with local culture especially in the most rural part of the region. As pointed out by Ghodsee (2003), but not often widely acknowledged, the success of the Grameen Bank model in Bangladesh rests on the fact that the people were already culturally accustomed to borrowing and lending. Hence, the model merely built on the existing culture and provided an institution that loaned out money at a lower interest rate and with less brutality than the traditional moneylenders.

Informal discussion revealed that while people in peri-urban and urban centres were open to getting loans, those in the hinterland, who needed the scheme the most, were not. In-depth discussion revealed that rural dwellers appear not to be culturally accustomed to borrowing, and in some cases are fearful of it. Imoh Udonse, a resident of Ikot Ebidang, asserted that

if you go to borrow money, you will not have rest of mind, and when they people come and knock on your door you will be the laughing stock of the town. I don’t want to lose my dignity like that (personal communication, 12 April 2005).

This problem underpins one of the challenges confronting the scheme as highlighted by Umoh Johnson, the head of administration of STEP in Eket, who asserted during an interview that

as soon as people from the villages come and they are told that they are ‘borrowing’ the money and would be closely monitored on a regular basis to ensure they pay back such loans, they tend to run away and never come back (personal communication, 10 May 2005).

This unfamiliarity with the culture of borrowing and lending might also be responsible for the relatively poor rate of loan repayment in the region that has been highlighted,²⁷ as opposed to the dependency mentality suggested by Frynas (2005).

Furthermore, out of a total of 102 respondents from the survey in Inua Eyet Ikot (70 households) and Ikot Ebidang villages (32 households), the two host communities of MPN—about 17 and 0 respondents, respectively (a total of 16 per cent)—were aware of the microcredit scheme supported by MPN. The relatively high number of respondents aware of the scheme in Inua Eyet Ikot can be explained by the fact that it is the immediate host community for MPN, which has a considerable presence in the village. In contrast, Ikot Ebidang is located far from the MPN Qua Iboe Terminal office, and the village does not house any MPN operational facility. However, this problem is a manifestation of the larger problem of poor communication between MPN and its host communities and the poor communication strategies of MPN’s partners that rely mostly on public workshops.

²⁶ Itoro Rose, personal communication, 26 April 2005.

²⁷ MPNCN (2004b) notes that the rate of loan repayment, which stands at 51 per cent, is still far below the international best practices level of 90 per cent and above.

The household surveys revealed that while 68 per cent of respondents in Emereoke 1, an EOCDf community, were satisfied with the communication between their community and EOCDf, 32 per cent were not. In contrast, 79 per cent of respondents in Inua Eyet Ikot were not satisfied with the communication with MPN, and only 21 per cent were. In Ikot Ebidang, none of the respondents were satisfied with the communication with MPN. A chi-squared test and one-way analysis variance test yielded significant results (chi-squared = 44.57, degrees of freedom = 2, $p = 0.00$). The result implies that there are differences in the level of satisfaction with the level of communication in the different surveyed villages. The difference between the host communities of EOCDf and MPN can be explained by the fact that EOCDf enjoys an insider status within its host communities, whereas MPN and its partners do not in theirs.

The insider status results from the fact that the foundation is located within the community, and is managed by people who are from and live in the communities. Communication, therefore, is the result of both formal and informal channels of communication. Wider participation in EOCDf activities also allows for extensive networks of communication that build on traditional networks of information sharing within the communities. In contrast, MPN and its partners are largely outsiders in their communities; the companies only employ a few people from these communities, and the staff does not live there. In addition, MPN's communication strategy, which limits community engagement to community elites, also does not bode well for effective interaction.

Third, stringent measures in vetting potential beneficiaries, the requirement of group collateral and emphasis on women beneficiaries as in the Grameen Bank model have the tendency to exclude the poorest of the poor. And, at present, there is no evidence to suggest that there is any mitigating strategy outlined by the oil TNCs or their partners to manage this side effect. As argued by McGregor (2004), if the intention is to assist the poorest of the poor, then a different set of decisions and vetting criteria would have to be used. For example, Umoh Johnson asserted that potential beneficiaries are required to pay the sum of N3000 or £12 for training by STEP.²⁸ According to Johnson, this payment supposedly helps to measure how keen the beneficiary is as well as to sustain their interest. However, this strategy also excludes the poor that live on less than \$1 a day and cannot afford to pay such training fees no matter how keen or interested they might be. Itoro Rose asserted that

there are some problems with the (micro credit) scheme. For example, the registration fee with STEP is too high. I know some of my friends who would have liked to join the training but cannot. Even me, I was lucky as it is my brother in Lagos that sent me the money to register (personal communication, 26 April 2005).

Finally, partnership as presently understood is underpinned by tacit assumptions that are inappropriate in the context of developing countries, yet are often taken as given. For instance, much of the discourse of partnerships often implicitly assumes the context of a well-functioning state capable of addressing a set of responsibilities (Wiig and Ramalho 2005). Unfortunately, well-functioning states are more of the exception than the rule in developing countries, and there are few guidelines on how business should respond in the event of their partners' failure to deliver. For example, MPN sought to ameliorate the community pressure it faces in terms of employment by increasing community access to employment in oil servicing firms. To achieve this objective, a partnership called the Joint Government/Industrial Labour Relations Committee was formed between MPN, the four local government councils of MPN's host community and state government representatives. MPN informs the Joint Labour Committee of the vacancies available in oil servicing firms and expects the committee to distribute such opportunities to their constituencies.²⁹ However, institutional corruption, patrimony and

²⁸ Personal communication, 10 May 2005.

²⁹ Godwin Eleazer, AKWSG youth liaison officer for MPN and member of the Joint Labour Committee, personal communication, 20 June 2005.

“godfatherism” within the Niger Delta mean that such opportunities seldom reach the people of the host communities whom they were intended for. According to Joseph Myda,

the Labour Committee is there to serve their own interest; we don't see the jobs, as jobs are given to either their families or friends. We ordinary people without connection do not get anything (personal communication, 23 April 2005).

Similarly, the women leaders in Ikot Ebidang took a slightly different position:

All the jobs never reach here; they give it to their people in Uyo and Eket. We at Ikot Ebidang are forgotten, and women are often not even considered (personal communication, 14 April 2005).

Such claims that employment in oil servicing firms do not get to the intended beneficiaries are not new or limited to MPN. Zandvliet and Pedro (2002) have also reported instances in other parts of the Niger Delta, where employment opportunities have been sold to people outside host communities. Collaboration for Development Action (2003) has also pointed out that employment committees create opportunities for corruption and bribery that undermine any benefit to be derived from the existence of such committees.

This problem of how context can circumscribe partnership outcome and impact is also reflected in the SPDC/NNDC partnership. The failure of government to meet its contribution to the commission has meant that insufficient funds continue to undermine the ability of NDDC to deliver both on its development goals and on its partnership responsibility. This government failure also highlights how government can use partnership to push its responsibilities to oil TNCs. As pointed out by Samuel E. Inyang, an engineer and the outgoing representative of the oil companies on NDDC boards,

oil companies are the strongest backers of NDDC, especially financially. In fact, from January to April 2006, the oil companies contributed 99.7 per cent of the funds of NDDC. The oil companies also paid more than 63 per cent of the NDDC total funds since inception. Equally significant is that these payments are made on time. This not only sustains the NDDC but helps it to plan its commitment in a predictable way (Iwori 2006).

Inyang concluded that without oil companies there would have been no NDDC. In addition, the capacity of NDDC to deliver on its partnership responsibility is undermined by political interference. This problem has led Emmanuel Aguariavwodo, the managing director and chief executive of NDDC in 2006, to assert that “the only way we can develop the region is to remove politics from developmental efforts. It is so important, because we face the same problems and challenges as the state governments” (*This Day News* 2006d).

The argument raised here is that partnership, no matter how well crafted, is sometimes constrained in its ability to alleviate poverty by contextual factors, which in most cases are often outside the immediate control of business (Frynas 2005; Ite forthcoming).

Oil TNCs' CDP initiatives and negative injunction duties

All of the CDP initiatives discussed above have so far largely focused on the affirmative duties of oil TNCs, but with little or no concern for their negative injunction duties or the correction of the social injury that they have caused. As a result, despite widespread adoption of partnership strategies by oil TNCs, host communities continue to bear the unpleasant social, economic and environmental cost of oil production. For example, there have been roughly 5,400 incidences of oil spills that have been officially recorded since 2000 (Onwuchekwa 2004). In addition, gas flaring persists despite widespread claims by communities that it was causing serious economic and social damage. Of the respondents in the surveyed villages, 91 per cent said that gas flaring was the most serious environmental problem confronting their villages and 50 per cent said that it was

oil spills. Indeed, according to Olujide (2006), 61 per cent of respondents in Eastern Obolo identified water pollution due to oil spillage as a major constraint to fishing, which is their main source of livelihood. Community members in Inua Eyet Ikot asserted that gas flaring was causing damage to house roofs, house vibration, stunting plant growth and denying them drinking water. MPN, like SPDC, argued that studies conducted by an independent environmentalist did not find any scientific proof to substantiate such claims. This foreclosed any talk of compensation or negotiation with communities. In the meantime, gas flaring continues unabated (MPNCN 2004a).

The problem with this tendency by oil TNCs to frame the situation in scientific terms is that it clashes with the worldviews held by local communities, which is often based on beliefs and perceptions (Wheeler et al. 2002; Jenkins 2004). The categories used by host communities' members in the Niger Delta to interpret and understand their relationship with oil TNCs are largely based on cultural values and traditional forms of relationships. From a community perspective, oil TNCs are seen as members of host communities that should, like other members of the community, instinctively take into consideration community concerns in their decision-making process and treat community issues as priority issues without community pressure to do so. In contrast, the worldview of oil TNCs is shaped by neoliberalism and the pure market logic driven by profitability and the assumption that everyone would benefit from oil exploration activities (Jenkins 2004). Oil multinationals, therefore, see government as largely responsible for community development and the redistribution of the wealth generated from oil exploration. This clash in worldviews and expectations between communities and oil TNCs invariably fosters the violation of the psychological contract³⁰ that exists between local communities and oil TNCs from the perspective of the communities. Oil TNCs are, therefore, often not given the benefit of doubt in the event of crisis or accidents, while corporate-community relations remain largely conflictual and CDPs have limited impact on CD.

Issues of compensation, strengthening of local capacity in the event of oil spills and partnership geared toward effective enforcement of environmental laws in the oil industry are also considerations not included in existing CDPs or in any other forms of partnership in Nigeria. Compensation is still either not paid or is inadequate to compensate farmers for present and future loss related to oil production (Frynas 2000). For example, while the Lagos high court awarded \$10 million to three southern communities as damages for the 40,000 to 100,000 barrels of oil spilled in 1998 due to MPN's operations, their spokesperson argued that there was no discernible adverse effect of the spill on the people and the environment and, therefore, intended to appeal the ruling, while the people continue to suffer (CNN World 2003). Similarly, despite the federal high court ruling in Port Harcourt that SPDC should pay \$1.5 billion to the Ijaw aborigines as damages for environmental degradation, a ruling also supported by the national assembly, SPDC has neither paid nor engaged in effective dialogue with the affected community to seek alternative solutions (*This Day News* 2006c).

Unfortunately, failure to address these negative injunction duties put extra strain on the ability of oil TNCs to contribute to poverty reduction and foster good community relations via CDPs alone (affirmative duties). This is because, first, inadequate attention to negative injunction duties meant addressing affirmative duties via CDPs alone and, therefore, responding to symptoms instead of dealing with the root causes of poverty in host communities. Second, given the enormous demand and need in host communities, CDPs, as presently implemented, are bound to have only a marginal impact on existing communities as demand will always surpass supply of CDP benefits. Third, prevention of the loss of livelihood through attention to negative injunction duties cannot be equated to the benefit to be derived from affirmative duties to be delivered via CDPs. In other words, meeting affirmative duties cannot be a substitute for negative injunction duties (Idemudia and Ite 2006a).

³⁰ The psychological contract is the implicit expectation that companies and communities have of each other; it typically remains beneath the surface of the relations and is dynamic in character, continually changing and frequently unacknowledged (Burke 1999).

At the heart of the argument being made here is that negative injunction and affirmative duties are mutually reinforcing. While addressing negative injunction duties creates value, addressing affirmative duties adds as well as consolidates the value created. Consequently, the failure of CDP initiatives to encompass issues of negative injunction duties and influence how oil TNCs conduct their day-to-day operation means at best that CDP initiatives have a marginal impact on community development.

The failure of CDPs to address negative injunction duties can be attributed to oil TNCs' drive for profitability and the absence of an enabling environment for CSR in the oil industry due to government failure. Inadequate human and institutional capacity, corruption, institutional decay and overdependence on oil as the main source of government revenue have undermined the ability of the Nigerian government to ensure an enabling environment for CSR. Weak institutional and technical capacities mean regulatory agencies such as the Department of Petroleum Resources and the Federal Ministry of Environment are unable to effectively monitor and ensure compliance with regulatory statutes in the oil industry. In addition, these regulatory agencies more or less depend on oil TNCs to monitor and report on compliance. As a result, the regulated – that is, oil TNCs – are in effect the regulators. The conflict of interest that arises from this situation is manifested in the high incidence of oil spills and gas flaring in the Niger Delta region. For example, Egbu (2000) asserts that neither the Federal Environmental Protection Agency's zonal office in Port Harcourt nor the Rivers state Ministry of Environment have a well-equipped laboratory. In the event of an oil contamination incident in Rivers state, the authorities often request that the responsible oil companies provide soil and water sample analysis.

In addition, corruption and institutional decay has meant that government officials are quick to turn a blind eye to gross violation of Nigerian laws for personal gains. For example, Halliburton acknowledged that it paid bribes worth \$2.4 billion to some Nigerian government officials for tax breaks related to its operation in Nigeria (Cason 2003). Recently, Jim Bob Brown, a former staff member of Willbros Group, Inc. (an oil servicing firm), confessed in a United States court that he paid bribes worth \$1.5 billion to officials of the Nigerian National Petroleum Corporation and the Federal Inland Revenue Services to secure and retain contracts and to manipulate tax figures for the company (*This Day News* 2006a). On the other hand, government overdependence on oil revenue means that most of its policy is generally geared toward minimizing loss of oil revenue at the expense of environmental protection or the protection of citizens' rights. Indeed, Ikporukpo (1985) has argued that given the importance of petroleum to the Nigerian economy, the laxity in enforcing existing legislation might actually be a deliberate policy to encourage foreign direct investment in the oil industry. These CSR constraints create a condition in which the temptation for abnegating negative injunction duties by oil TNCs is high and the risk, cost and consequence for doing so are low. For example, in 1980, Chevron noted that compliance with the Gas Re-injection Decree would cost the company \$56 million, compared with a mere \$1 million per year that it would have to pay in fines for gas flaring. Gas flaring was in essence cheaper (Frynas 2000). The absence of an enabling environment invariably means that oil TNCs have a huge latitude to pursue profitability without constraints.

4. Synthesis of Emerging Issues and Conclusion

Five issues emerge from the above discussion and call for the need to re-examine the tacit assumptions that underpin the idea of partnership and its relationship with development at the microlevel. Eilbert and Paret (1973) conceptualize CSR at the microlevel in terms of good neighbourliness, which encompasses the responsibility not to spoil the neighbourhood (negative injunction duties), and the voluntary assumption of the obligation to help solve neighbourhood problems (affirmative duties). On this basis, the first emerging issue is that CDPs have the potential to make a difference to CD; especially addressing local communities' immediate infrastructural needs and help reduce the incurred financial cost for oil TNCs as highlighted by

the partnership literature.³¹ A bottom-up corporate-community partnership like EOCDF has the potential to facilitate the development of social capital in host communities by building on the connecting factors among the various host communities. They can also serve as formal and informal institutions for conflict resolution in conflict prone regions like the Niger Delta. In addition, by providing room for sufficient community participation in social investment projects, such bottom-up corporate foundations can serve to empower local communities and stimulate the growth of local community.

However, the focus on such potential partnership contributions to CD in the literature tends to mask rather than reveal the real issues at stake. CDPs as corporate social investment have little or no impact on how oil TNCs carry out their core business operations, and they do not help prevent or compensate communities for the negative social, economic and environmental externalities generated by oil production. As Swanson (2002) point out, the concern in business-society relationships today is not about making money the way one wants and then giving a portion of it back to the community; rather, it is about how a company earns its money, and how that company is run and how it interacts with communities.³² However, much of the partnership discourse fails to appreciate this concern, and tacitly assumes that meeting affirmative duties via social investment is a sufficient compensation for failure to address negative injunction duties. Unfortunately, there is no amount of road or bridge construction, provision of electricity or awarding of scholarships that can compensate for the loss of daylight resulting from gas flaring (Idemudia and Ite 2006a). Neither can cash payments compensate for future loss of livelihood.

Besides, consensus is emerging that business can best contribute to SCD by optimizing the potential positive social, economic and environmental impact of oil production on host communities and minimizing the corresponding negative impacts on host communities' development (Moser 2001; Warhurst and Mitchell 2000). The issue here is that business can best contribute to development and poverty reduction by not only creating new sources of livelihood via social investments, but also by ensuring that existing sources of livelihood are not destroyed or lost due to its operations (by addressing negative injunction duties), and at the same time, maximize the impact of its efforts on CD. Prevention is as important as creation because, for development to be meaningful and sustainable, it must protect, preserve and conserve the lives and resources of rural inhabitants (Ukpongson and Onu 2004). As such, CDPs as presently implemented, merely tinker around the problem of poverty and underdevelopment in host communities.

The second issue is that there is also the assumption that the success of partnerships is a function of effective management. According to Warner (no date),

it is the process of partnership management, of exploring the costs, benefits and risks of forming a tri-sector partnership, building the trust necessary to structure the partnership, and maintaining the flow of the benefit over time, that is critical to whether a partnership is ultimately successful.

Warner's argument arises from the perception that the key to a successful partnership is consensus building around the differences in the capacities, perceptions, aspirations and power that the different partners bring to the table. While this argument is not necessarily incorrect, it is limiting, as it assumes that partners will be able to meet their share of responsibility and that there is an enabling environment for partnership formation and practices. In Nigeria, like most sub-Saharan African countries, the enabling environment for partnership is at best still largely ineffective, and the capacities of potential partners (government and local civil societies) to deliver on their responsibilities as and when due is undependable. Hence, partnership success in contexts like Nigeria cannot be a function of management alone. Rather, it is a function of context and management. The implication is that there is a need for an enabling environment for partnership

³¹ See Davy (2000); Acutt et al. (2001); Hamnan et al. (2001).

³² See also Jenkins (2005); Hamann (2003); Hayes and Walker (2005).

in developing countries, which requires addressing the structural determinants of maldevelopment (Utting 2000) and building local individual and institutional capacity. Efforts presently geared toward institutional capacity building in existing partnership schemes will continue to yield limited dividends as long as the more fundamental issues are ignored. For example, the strengthening of local capacity to monitor and enforce local environmental regulation effectively will make little difference if developing countries' governments continue to lower environmental standards as an incentive to attract foreign direct investment. An example is the continual shifting of the date for ending gas flaring in Nigeria's oil industry: these frequent shifts have led most people in the Niger Delta to believe that gas flaring will never end.

Third, "bottom-up" corporate partnerships appear to be a much more efficient and effective means for oil TNCs to deliver on their affirmative duties than any alternative approach. They cannot, however, address the entire range of oil TNCs' CSR obligations to their host communities, and effectively promote SCD. This requires the integration of "top-down" and "bottom-up" partnership strategies that combine social investment and the strengthening of local and national capacities to reduce the vulnerability of local communities to the negative externality of oil production as well as the general negative effect of globalization. This would most likely make more difference to SCD than either a top-down strategy or a bottom-up strategy alone. For example, a linkage between a CDP such as EOCD (bottom-up) and the SPDC/NDDC partnership (top-down) will ensure more rapid rural development and a more cost-effective means to fulfil the regional development plan. This is because such a linkage would facilitate efficient use of scarce resources as core community needs are more likely to be addressed via interorganizational learning, local capacity building and social capital enhancement in host communities. The effective management of the psychological contract between companies and communities, proper division of labour, and the stakeholder inclusiveness that is presently absent in the oil industry are other potential benefits to be derived from the integration of top-down and bottom-up partnerships that address oil TNCs' negative injunction and affirmative duties.

The fourth emerging issue is that partnership that is not based on a reconciled corporate-community worldview, and does not pay sufficient attention to the psychological contract between communities and companies, will do little to ameliorate corporate-community conflict. This is particularly the case in the Niger Delta where, despite considerable oil TNCs' CD spending, corporate-community conflicts continue to increase in scale and intensity. Unfortunately, present mainstream partnership thinking has yet to pay sufficient attention to the cultural dimensions, implications and undertones that can shroud partnership and partnership formation in developing countries.

The final emerging issue is that part of the problem with existing partnership initiatives is government failure, either in terms of failure to adequately address its partnership responsibility or to ensure an enabling environment for CSR. The role of government as a driver of CSR is, therefore, of utmost importance if the different CDPs in the region are to achieve their full potential. At any rate, if the inadequacies of the assumptions that underpin partnership are errors of omission, efforts meant to highlight such shortcomings could stimulate the appropriate response from the various stakeholders concerned. Alternatively, if these shortcomings are a manifestation of how well business has been able to accommodate the contemporary CSR agenda and legitimize its position in CSR discourse, as argued by Utting (2000), Hamann and Acutt (2003) and Blowfield and Frynas (2005), then their calls for a critical perspective to business-society relations have been timely and require further attention. Nevertheless, as it is presently implemented, the capacity of partnerships to contribute to sustainable development faces constraints that both limit and undermine their positive impact and contribution to host communities' development and to transforming the Niger Delta from an enclave at war to one at peace.

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