Corporate Partnerships and Community Development in the Nigerian Oil Industry: Strengths and Limitations.

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ABSTRACT

The volatile nature of corporate-community relations, which has meant significant loss in oil revenue for government and decline in corporate profit for oil multinational (MNCs), has elevated the obtaining of a 'social licence to operate' from the periphery to the heart of strategic business thinking within the Nigerian oil industry. As a result, oil multinationals (MNCs) have increasingly responded to this challenge by adopting partnership strategies as a means of contributing to community development, building a mutually beneficial relationship with local communities and reinventing themselves as a force for good in their host communities. This paper critically examines the different community development partnership (CDPs) initiatives' undertaken by Exxon Mobil and Total within their corporate-community relations strategy in the Niger Delta, Nigeria. Analysis suggests that CDPs that are 'bottom up' have more positive impact on host community development than those that are 'top-down' in nature. However, neither has had any real impact on how the core business activities of oil MNCs are undertaken or have they ameliorated the negative social and environmental impact of oil production on host communities. Consequently, the paper argues that while partnerships have the potential to improve the impact of business affirmative duties on host community development, the failure to integrate negative injunction duties into such partnerships undermines its contributions to host community development. The paper concludes by exploring the implications for partnerships' initiatives and business-society relations in developing countries.

Key words: Corporate Partnership, Community Development, Corporate Social Responsibility, Sustainable Development, Oil Multinationals

INTRODUCTION

Contemporary exigencies due to globalisation, the end of the cold war, information technology revolution and the bifurcation of world politics have all necessitated the re-evaluation of business-society relationship[1], and facilitated innovative business social responsibility practices. The re-emergence of the idea that business has social responsibility that goes beyond profit making, to include helping to solve societal social and environmental problems (Corporate Social Responsibility[CSR]), has provided a fertile ground for the debate that has shaped the present direction now assumed by business-society relationship. Critics have argued that CSR is a distraction for business from meeting its primary goal of profit making, 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 (see Friedman,1962;1970; Henderson, 2001; Levitt,1958). 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 was both inevitable and a necessity (see Davis, 1960, 1973, 1967, Davis and Blomstrom, 1973, Carroll, 1979, 1991; Bowen, 1953, Bowie, 1991; Mosen,1975; Moon, 2001).

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 coinage of the 'business case' for CSR 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

[1] While the traditional business relationship was initially conceptualised in terms of 'business and society' relations, it is now almost always conceptualised in terms of 'business in society' relationships.

research have yet to support incontrovertibly the business case (see Griffin and Mohan, 1997; Margolis and Walsh, 2003; Utting, 2005), the appeal of the business case 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 meets its social responsibility. For example, according to Business Partners for Development (BPD) (2001), business has three choices: one, business can assume all responsibility at a high cost, low risk, and opportunities foregone; they can assume minimum responsibility at low cost, high risk and opportunity foregone or they can share responsibilities with government and civil societies 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 (see Warhusrt, 2001; Hamann *et al*,2001)

However, despite widespread adoption of partnerships and claims of its benefits, the reality is that partnership remains a fragile field. The challenges confronting or inherent to partnership are still relatively unclear; as such issues are yet to be fully explored. In addition, what constitutes a partnership is largely a matter of debate and most importantly, we have been unable to learn about the actual impact of partnership on the intended beneficiaries of CSR (see Banerjee, 2001; Margolis and Walsh, 2003). Consequently, 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 reduction and sustainable development and ascertain the actual impact of partnership initiatives on the beneficiary of such initiatives.

The Niger Delta in Nigeria, famous for the endemic conflict between local communities and oil MNCs, provides a fertile ground for exploring some of the issues highlighted above. The persistent incidence of oil-worker hostage taking, blockage of oil facilities, oil pipeline vandalisation, and human rights violation with subsequent corporate reputational damage have negatively impacted both government revenue and corporate profit. For example, Dr Daukoru, special adviser to the Presidency on petroleum and energy, asserted that due to the persistent conflict in the Niger Delta, the Nigerian government since 1999 has lost at minimum of well over US$6.8 billion in oil revenue (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)[2] 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 (IHT, 2004).

Oil MNCs have responded to these challenges by accepting social responsibility and demonstrating their commitments to CSR by increasing community development spending. According to Moon (2001), such non-profit engagement by business offers an opportunity for business to demonstrate the substance of their sociability. Initially, most oil MNCs 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 community development. 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 large 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 MNCs` efforts at community development are at best abysmal. In contrast, Eweje (2006) and Ite (in press) share an opposing view and instead argue that oil MNCs are making considerable contribution to host community development. Remarkably, for much of this debate, the criteria for the assessment of oil MNCs` contribution to community development are unclear and neither are there any agreed criteria for such an assessment. As such, part of the problem is the divergent perceptual lens used by different analysts to measure oil MNCs` impacts on community development, the diversity in the definition of development that is often adopted for analysis, and the often different scales within which analyses are undertaken (see Hamann, 2006).

[2] SPDC is the largest oil MNC in Nigeria and accounts for over half of Nigerian crude oil production.

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 MNCs` CSR initiatives (such as partnership). Such an assessment would be geared towards highlighting the strengths and weaknesses of the initiative, so as to maximise the contribution and net impacts of business efforts on sustainable development.

Against this background, this paper critically examines Exxon Mobil's and Total's CDPs initiatives geared towards poverty reduction and sustainable community development in their host communities. Evidence presented draws on findings from surveys and interviews conducted in host communities and with oil MNCs` partners. Local publications by oil MNCs also served as a useful source of secondary data. The paper argues that the CDPs initiatives by Exxon Mobil and Total have the potential to contribute to community development, but it is the bottom-up approach of Elf Petroleum Nigeria Limited (EPNL) that has more potential to make a substantial difference to community development than the top-down approach of Mobil Producing Nigeria (MPN). However, the failure to integrate negative injunction duties into existing partnerships means existing partnerships make no difference to how oil MNCs conduct their day to day business. As a result, CDPs have limited impact on poverty reduction and community development. The paper concludes by examining the implications of the emerging issues for partnership, community development and business-society relationship.

CASE STUDY AREA: THE NIGER DELTA, AKWA IBOM STATE

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

Decades of political and economic marginalisation resulted in the neglect of the region by successive Nigerian governments and the initial hesitation of oil MNCs to address their social responsibility and contribute to social development in the region. This systematically enshrined poverty in the region. Poverty level in the Niger Delta is higher than the national average (see Clark et al 1999; NDDC, 2004, World Bank, 1995). About 70% of the community lacks access to clean water, has no passable roads or electricity supply, has shortage of medical facilities, has a large number of dilapidated schools and suffers from severe environmental degradation due to oil production (see Zandvliet and Pedro, 2002; NDDC, 2004). Yet, the Niger Delta accounts for 90% of national exports and 70% of government revenue mainly from oil and gas exported from the region. The region therefore epitomises 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[3]. The semi-structured interviews involved about 60 members of the host communities (chiefs, women and youth leaders), 20 government officials (officials from the Ministry of Environment and Mineral Resources, Ministry of Economic Development, Ministry of Rural Development and Local Government Council), and 20 oil MNCs partners (staff of Growing Business Foundation (GBF), Pro natura, Ibom rice farm, Eastern Obolo Community Development Foundation (EOCDF), New Nigeria Foundation (NNF), and other partners).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 with dealing with oil MNCs on behalf of the communities either by virtue of their position in the community or in government agencies or as partners with the oil MNCs. A total of 72 households were identified in the village of Inua Eyet Ikot (Ibeno), 58 in Ikot Ebidang (Onna) and 48 in Emeoroeke 1 (Eastern Obolo). A systemic random sampling was used to select 70 respondents in Inua Eyet Ikot, 32 in Ikot Ebidang, and 43 in Emeoroeke 1. In all, a total of 145 respondents were surveyed.

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

CORPORATE PARTNERSHIPS AND COMMUNITY DEVELOPMENT: THE CASE OF EXXON MOBIL (MPN) AND TOTAL (EPNL)

Partnership initiatives undertaken by oil MNCs generally take one of three forms. The partnership may be a strategic alliance (SA), programme partnership (PP) or programme implementation partnership (PIP). Strategic alliance and programme partnerships offer the opportunity for inter-agency co-operation and joint funding, while programme implementation partnership involves partners' delivery of these programmes on behalf of the oil MNCs to the communities (see Table 1).

MPN AND COMMUNITY DEVELOPMENT PARTNERSHIPS IN THE NIGER DELTA

Exxon Mobil is the world's largest oil MNC with operations in nearly 200 countries (Skjǽrseth, 2003). In Nigeria, Exxon Mobil has three subsidiaries. These are Mobil Producing Nigeria (MPN), Mobil Oil Nigeria Plc and Esso Exploration and Producing Nigeria Ltd (EEPNL). MPN oil production is largely offshore, off the coast of Akwa Ibom State and River State. MPN has 4 core host communities in Akwa Ibom State, which are Ibeno, Onna, Eket and Esiri Eket and the bulk of MPN community development efforts are concentrated in these host communities (see Figure 1)

Corporate philanthropy and social investment were traditionally the main strategy employed by MPN to contribute to community development. MPN`s efforts in this regard were in the areas of health care, education, road construction, electricity and water supply. MPN constructed and renovated health centres, donated medical equipment and medicines. MPN 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 (see Exxon Mobil, 2002, 2003).

However, in 2002, MPN formally shifted its focus in community assistance initiatives from the provision of social infrastructure to local capacity building and economic empowerment. The shift in MPN emphasis in its community assistance projects was partly in response to local community demands, but largely also due to three main reasons. According to MPN, first, government has the resources it never had before to build infrastructure in view of the establishment of the Niger Delta Development Commission (NDDC) to which MPN contributes over N3billion[4] yearly. Secondly, MPN does not have the resources or expertise to make development happen by itself; as such, other non-governmental organisations need to be enlisted to help. And thirdly, true sustainable community development 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, 2002, 2). MPN`s new emphasis on capacity building and economic empowerment invariably made partnership formation an imperative, and partnership the dominant strategy for managing issues of corporate-community relations.

The Integrated Community Development Project (ICDP) programme partnership is one of MPN`s programme partnerships. ICDP was initiated by the Akwa Ibom State government (AKWSG) in April, 2002. The state government launched the programme with an endowment fund of N15 million, while the United Nations Development Programmes (UNDP) and Human Development Fund (HDF) pledged N20 million to the programme, and MPN donated the sum of N50 million to the project (MPNCN, 2005; Awail[5], Pers.Comm.2005). 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*" (Awail, pers.comm,2005)[6] .

ICDP focuses on capacity building such as a micro-credit scheme for corporate and individuals to boost small scale enterprise in areas of agriculture, carpentry, hair dressing and skills development. The project is also involved in the provision of social infrastructures like tap water (Awail, pers.comm.2005). ICDP is based on a support agreement and memorandum of understanding (MOU) signed by the various partners

[4] N means Niara, the Nigerian currency
[5] Mr 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 is hosted by the Ministry of Economic Development on behalf of the state government.
[6] Project duplication is one of the major problems limiting oil MNC efforts on community development see Frynas(2005)

(AKWSG-MPN-UNDP/HDF).The memorandum of understanding stipulates 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 Akwa Ibom State government, is responsible for project implementation, monitoring and evaluation. In addition, the Ministry reports back to partners, while the community as benefactors is consulted to ascertain their needs. They are also required as part of their contribution to donate land for the provision of social infrastructures, set up project management committee to ensure project sustainability and community ownership of projects (Awail,pers.comm.2005).

Other MPN community development partnership initiatives are mostly programme implementation partnerships. The first of such partnerships is the agricultural partnership between MPN/AKWSG/Midland Rice of Arkansas, U.S.A. The partnership established the Ibom rice farm in Ikot Ebidang village in Akwa Ibom state. While MPN contributed $5.5 million, AKWSG donated the 4000 hectares of land where the project is located, and Midland Rice is expected to bear the cost of running the rice farm and it is responsible for the management of the project (MPNCN, 2004a).

The project began in April 2001, when 4 members of staff of the Akwa Ibom State Ministry of Agriculture were sponsored by MPN for a six-month training course at Midland Rice facilities in the USA. 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 can expect to 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). There is also a small poultry farm managed by MPN. The key target groups are local farmers, unemployed youths, and agricultural graduates that want to benefit from practical training (MPNCN, 2004) 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 field visit in 2005 (January to July), the rice farm was still far from fully operational.

The second programme implementation partnership is the MPN/Support and Training Entrepreneurship Programme (STEP) and the MPN/Growing Business Foundation (GBF) partnerships. These partnerships are mutually reinforcing as they are both geared towards poverty alleviation via capacity building and economic empowerment. STEP is a micro enterprise development organisation run by the International Finance Corporation (IFC) that assists micro 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, 2003, 2).

In December 2001, MPN signed a support agreement with GBF. GBF was charged with the responsibility of executing programmes that cover agriculture, skill acquisition and a micro-credit 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 individual business location to verify all the information received, general credit assessments, loan interviews and attendance at capacity building training courses (MPNCN, 2002; 2004b). In 2003, MPN asserted that it has committed a total of N137, 369,167 to the activities of GBF and STEP (MPNCN, 2004a). Exxon Mobil also asserted that about 213 people benefited from the three-year partnership scheme in 2003(Exxon Mobil, 2003). In 2004, about N73 million was disbursed to an estimated 791 beneficiaries in the host communities (MPNCN, 2004a; 2004b; GBF, 2003b; 2004).

The third programme implementation partnership is in the area of health care delivery. MPN partners with the New Nigerian Foundation (NNF), an affiliate of

Citizens International of Boston, U.S.A. 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 River States. Funds provided by MPN are paid into a drug revolving account on a quarterly basis and are managed by the Community Health Committee (CHC) with the assistance of the NGO (MPNCN, 2002). Following the agreement, NNF engaged other local NGOs to facilitate the implementation of the projects. These NGOs include Reproductive Health Service (RHS), Community Partnership for Development (CPD), Vanguard Network (VN), and Foundation for Economic Research and Training (FERT) (MPNCN, 2004a). The programmes were jumpstarted by a community health need assessment, and the creation of a community health committee to ensure the programme serves the most important local needs and stays on track. This was then followed by the training of local health personnel, supply of drugs, provision of potable water and the general upgrade of the community primary health system (MPNCN, 2002; 2004a).

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 MNCs lack the soft skills for community development (see for example Frynas, 2005). However, given that most of these 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 COMMUNITY DEVELOPMENT PARTNERSHIPS IN THE NIGER DELTA

Successive mergers between Total and Petrofina in 1999 and between Totalfina and Elf in 2000 made TotalfinaElf the fourth largest oil MNC in the World. On May 6 2003, the group adopted the new name of Total (Total, 2004). In Nigeria, Total has 4 subsidiaries: Elf Petroleum Nigeria Limited (EPNL), Total Upstream Nigeria Limited (TUPNI), and Total LNG Nigeria Limited. EPNL operates both offshore and onshore in Akw Ibom and River State. EPNL, like most other oil MNCs, engages its CSR responsibility via corporate social investment in infrastructural provision such as the construction of market stalls in Eleme Alimini community, the construction and renovation of classroom blocks and the donation of science equipment to Akabuka and Ogbogu communities in River State. An early EPNL partnership was between EPNL and the River State Government for healthcare delivery in Erema community. EPNL renovated and refurbished a health centre abandoned by the government and provided logistic and drugs for the health centre via contractors, and the River 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 an NGO called Pro Natura International Nigeria, and its host communities in Eastern Obolo. Two possible inter-related reasons can be deduced for EPNL change in approach. Firstly, like most other oil MNCs, social investment in social infrastructures was meant to help secure a conducive environment for oil exploration (see Zandvliet and Pedro, 2002; Fryans, 2005, Idemudia and Ite, 2006). However, despite huge investment of roughly $13.7 million in community causes from 1994 to 2000[7], corporate–community conflict was still on the increase with significant repercussions for the firm's operations. According to Okafor (2003), while EPNL assert 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.

Secondly, the widespread acclaimed success of the first corporate-community development foundation in Akassa, Bayelsa State in the Niger Delta supported by Statoil and Chevron Texaco facilitated inter-organisational learning. Different oil MNCs have as a result of the Akassa community development foundation sought to adapt and adopt the strategy for their corporate social investment in their various host

[7] Touching Lives 2000 (cited in okafor,2003)

communities. Following a visit by Total to Akassa, EPNL engaged PNIN to facilitate a reproduction of the model in Eastern Obolo and Opobo Nkoro. Similarly, Nexen, an oil MNC, made the same gesture and the model has now been adopted in its host community in Oron, Akwa Ibom State.

The partnership between EPNL/PNIN/VSO[8] and the Eastern Obolo communities established the Eastern Obolo Community Development Foundation (EOCDF) in December 2002. EPNL provides funding of $350,000 yearly, 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 community development projects. Hence, the Foundation is largely community owned and centred and therefore adopts a bottom-up approach to community development. As argued by the Foundation secretary, Mr Agba S., "EOCDF is a community development institution based on participatory rural development with the people as partners, and a view to reduce poverty" (Agba T. Samson, pers.comm. 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 prioritised. These prioritized needs are based on axial needs[9] and become the activities to be undertaken by the Foundation for that year (Agba, pers.comm. 2005). However, in a group interview with the chiefs in Emeoroeke 1, they asserted that elections to the steering committee had not been held in the past one year, and they also questioned the legitimacy of allowing people from Iko to nominate the executives of the Foundation instead of allowing for elections into such positions. Nonetheless, the Foundation's programmes are monitored by a Project Liaison Committee (PLC) that works with the Foundation staff, Pro Natura Nigeria and VSO facilitators to

[8] Voluntary Service Overseas(VSO) a non-governmental organisation
[9] The 30 communities that make up Eastern Obolo were divided into groups (axis) consisting of 9 to 10 communities, and as a result there are 3 axial groups.

ensure the successful implementation of the projects. The activities of the Foundation include institutional and capacity building, provision of social infrastructures, micro-credit schemes, and natural resource advocacy.

CRITICAL ASSESEMENT OF OIL MNCs` COMMUNITY DEVELOPMENT PARTNERSHIPS (CDPs) AND THEIR CONTRIBUTION TO HOST COMMUNITY DEVELOPMENT

Most oil MNCs' 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 and others their weakness. Such weakness, if left unaddressed, could severely limit the impact of CDPs on poverty reduction and community development.

One observed strength of the bottom–up approach to CDP is its ability to build local capacity, social capital and stimulate the growth of local economy. This is particularly evident with regards to how EOCDF implements its infrastructural provision projects. Unlike the traditional approach to corporate social investment, where oil MNCs provide social infrastructure via contracts, the EOCDF requires communities to identify and prioritise 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 community development projects from oil MNCs. As a result, social capital[10] is enhanced, a positive intercommunity relation (that 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 infrastructures stays in the community. In addition, the unemployed community youths that 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 on infrastructural project in 2004 by the Foundation was paid to local labourers, artisans and suppliers (EOCDF, 2004). Similarly, Emmanuel Edeth, a youth from Atabrikang in Eastern

[10] Social capital here is defined as the norms and networks that enable people to act collectively (Woolcock and Narayan, 2006 ,32)

Obolo asserted during interview that *"you see 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"* (Emmanuel,Pers.Comm,2005) .In contrast, the top-down approach of MPN that still uses contractors for social infrastructure provision does not carry similar benefits. Instead, accusations that projects were either poorly executed or were not executed at all damaged MPN`s efforts.

Community development partnership initiatives such as MPN agricultural partnership, the Ibom rice farm, has 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 staffs suggest that about 12 youths have been employed by the rice farm from the village. The chief of Ikot Ebidang, like most respondents in the village, shared the view that if the Ibom rice farm ever becomes fully operational, it will be beneficial to the community. According to Chief Sam Udoh**,** *"if the Ibom rice gets underway, development will come to our community"* (Udoh, Pers.Comm, 2005). 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"* (Pers.Comm.2005)

Community development partnership initiatives that focus on micro-credit schemes, skill acquisition centres and investment in small and medium enterprise (SMEs) also have enormous potential to ameliorate poverty in host communities. Itoro Rose[11] 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*" (Itoro, Pers.Comm.2005). However, these micro-credit schemes as presently implemented face a number of critical challenges that could undermine their long and short-term impact on poverty

[11] Itoro Rose is a resident of Inua Eyet Ikot village

reduction. Firstly, micro-credit schemes like those supported by MPN need to seek government and other potential donors' involvement. Discussion with members of the GBF team suggest that resources at present are been over stretched as potential beneficiaries often surpasses 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.

Secondly, 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 micro-credit 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 less brutality than the traditional money lenders.

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 are in some cases, fearful of it. Imoh udonsek, 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*". (Imoh, Pers.Comm. 2005)

This problem underpins one of the challenges confronting the scheme as also highlighted by Umoh Johnson, the head of administration of STEP in Eket .Johnson asserted during 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 payback such loans, they tend to run away and never come back*". (Johnson, Pers.Comm.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[12] as opposed to the dependency mentality suggested by Fryans (2005).

Similarly, stringent measures in vetting potential beneficiaries, the requirement of group collaterals and emphasis on women beneficiaries as in the Grameen model has 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 MNCs 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 different set of decisions and vetting criteria would have to be used. For example, Johnson asserted that potential beneficiaries are required to pay the sum of N3000 or £12 for training by STEP (Johnson, Pers.Comm.2005). According to Johnson, this payment supposedly helps to measure how keen the beneficiary is as well as sustain their interest. However, this strategy also excluded the poor that leaves on less than $1 a day that cannot afford to pay such training fees no matter how keen or interested they might be. Itoro, a resident of Inua Eyet Ikot, 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*" (Itoro, Pers.Comm. 2005)

Furthermore, out of a total of 102 respondents from the surveyed in Inua Eyet Ikot (70 households) and Ikot Ebidang villages (32 households), the two host communities of MPN. About 17 and 0 respondents (that is a total of 16%) respectively were aware of the micro-credit 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 Inua Eyet Ikot is the immediate host community for MPN and MPN has a considerable presence in the village. In contrast, Ikot Ebidang is far from the MPN Qua Iboe Terminal (QIT) 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 who rely mostly on public workshops.

[12] MPNCN (2004b) noted that the rate of loan repayment which stands at 51% is still far below the international best practice level of 90% and above

The household surveys revealed that while 68% of respondents in Emeoroek 1, an EOCDF community were satisfied with the communication between their community and EOCDF, only 32 % were not. In contrast 100% and 79% of respondents in Ikot Ebidang and Inua Eyet Ikot were not satisfied with the communication with MPN, and only 0% and 21% were satisfied respectively (see Table 2). A chi-squared test and One-way analysis variance test yielded significant result (Chi-squared =44.57, degrees of freedom=2, p=0.00); (Anova=31.50, degrees of freedom =2, P=0.00).The results imply 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 it is managed by people who are from and live in the communities. Communication therefore benefits from 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, their staffs do not reside in the host communities and few members of staffs are from the host communities. In addition, MPN's communication strategy that limits community engagement to community elites also does not spell well for communication.

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 (see 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 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 was formed between MPN, the four local government councils of MPN`s host community and state government representatives called the Joint Labour Committee. MPN informs the Joint Labour Committee of the vacancies available in oil servicing firms and expect the committee to distribute such opportunities to their constituencies (Godwin E. pers.comm.2005)[13]. However, institutional corruption, patrimony and godfartherism within the Niger Delta mean such opportunities hardly reach the people of the host communities that it was 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 any thing*" (Joseph, Pers.Comm.2005). Similarly, the women leader in Ikot Ebidang took a slight 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"* (Pers.Comm.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 part of the Niger Delta, where employment opportunities have been sold to people outside host communities. Collaboration for Development Action (CDA) (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. 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 (see Ite, in press(b)).

OIL MNCs CDPS INITIATIVES AND NEGATIVE INJUCTION DUTIES

Simon *et al*, (1972) made a distinction between negative injunction duties and affirmative duties as two forms of CSR obligations. They asserted 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 observe. They argued that while

[13] Mr Godwin Eleazer is the Akwa Ibom State government youth liaison officer for Mobil and member of the joint labour committee

individuals may be expected to exhibit varying degrees in their commitment to promote affirmative duty, everyone is expected to refrain from injuring others.

CDPs have so far largely focused on the affirmative duties of oil MNCs, but with little or no concern for their negative injunction duties or the correction of the social injury caused by oil MNCs. As a result, despite widespread adoption of partnership strategy by oil MNCs, 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 spill 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. Compensation is still either not paid or is inadequate to compensate farmers for the damaged caused by oil production (see Frynas, 2000). For example, 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. Exxon Mobil, like Shell, argued that studies conducted by an independent environmentalist did not find any scientific proof to substantiate such claims and therefore forecloses any talk of compensation or negotiation with communities while gas flaring continues (see MPNCN, 2004a). Similarly, according to Olujide (2006), 61% of respondents in Eastern Obolo identified water pollution due to oil spillage has a major constraint to fishing which is their livelihood.

Issues of compensation, strengthening of local capacity in the event of oil spills, or partnership geared towards effective enforcement of environmental laws in the oil industry are not considerations included in existing CDPs or in any other forms of partnership in Nigeria. Unfortunately, attention to negative injunction duties is critical because there are inherent limitations in the ability of oil MNCs via CDPs alone (affirmative duties) to contribute to poverty reduction and community development. Firstly, affirmative duties like CDPs largely responded to symptoms as opposed to dealing with the root causes of poverty in host communities. Secondly, given the enormous demand and need in host communities, CDPs as presently implemented are bound to have only marginal impact on existing communities as demand always surpasses supply of CDPs benefits. Thirdly, 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, 2006).

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 MNCs conduct their day-to-day operation means at best CDP initiatives have marginal impact on community development.

SYNTHESIS OF EMERGING ISSUES AND CONCLUSION

Three 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 micro level. Eilbrit and Robert (1973) conceptualise CSR at the micro-level 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 community development; especially addressing local communities` immediate infrastructural needs as highlighted by the partnership literature (see Davy, 2000; Acutt *et al*, 2001; Hamnan *et al*, 2001). Bottom-up corporate-community partnership like the 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 institution for conflict resolution in conflict prone region 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 contribution of partnerships to community development in the literature has the tendency to mask the real issues at stake than it actually reveals. CDPs as corporate social investment have little or no impact on how oil MNCs carry out their core business operations and they do not help prevent and compensate communities for the negative social, economic and environmental externality generated by oil production. As Swanson (2002) point outs, the concern in business-society relationships today is not about you making money the way you want and then giving a portion of it back to the community. Rather, it is about how you earn your money, how you run your company and how you interact with your communities (see also Jenkins, 2005; Hamann, 2003; Walker and Hayes, 2005). 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 the award of scholarships that can compensate for 24 hours of daylight resulting from gas flaring (Idemudia and Ite, 2006). Neither do cash payments compensate for future loss of livelihood.

Besides, consensus is emerging that business can best contribute to sustainable community development 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). It is upon this action of creation and prevention that business can fully maximise the impact of its efforts on community development. 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 (see Ukpongson and Onu, 2004).As such, CDPs as presently implemented merely tinker around the problem of poverty and underdevelopment in host communities.

Secondly, there is also the assumption that the success of partnerships is a function of effective management. According to Warner (n.d), "*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 in developing countries, which requires addressing the structural determinants of mal-development (see Utting, 2000) and building local individual and institutional capacity. Efforts presently geared towards 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 Investments (FDI).An example is the continual shift of the date for ending gas flaring in Nigeria's oil; such persistent shift in date in which gas flaring is to end has lead most people in the Niger Delta that gas flaring will never end.

Thirdly, 'bottom-up' corporate partnerships appear to be a much more efficient and effective means for oil MNCs to deliver on their affirmative duties than any alternative approach, but insufficient to address the entire range of oil MNCs CSR obligations to their host communities, and effect sustainable community development. However, 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 risk and vulnerability of local communities to the negative externality of oil production as well as the general negative effect of globalisation would most likely make more difference to sustainable community development than either a top-down strategy or a bottom-up strategy alone.

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 contemporary CSR agenda and legitimise its position in CSR discourse as argued by Utting (2000), Hamann and Acutt (2003), Blowfield and Fryans (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 constrains 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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MAP 1: Showing Niger Delta States and Study area in Akwa Ibom State

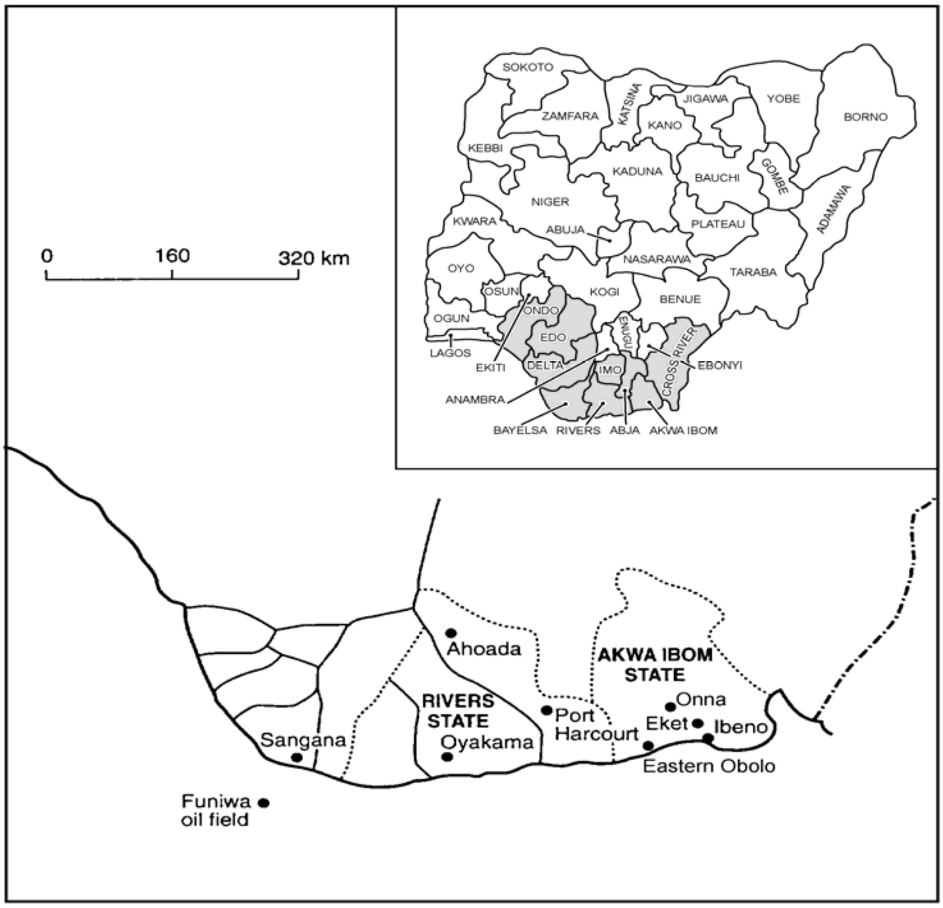

Table1: Corporate partnership focused on Community development in the Niger Delta

Type of partnership	Name of partnership	Key partners	Partnership focus	Location of partnership
SA and PP	NDDC	Oil MNCs, and FGN	Various largely provision of social infrastructures	Niger Delta
PP	Integrated community development project	MPN/ Akwa Ibom state government/UNDP/HDF	Social infrastructures/micro-credit scheme/skill development	Awka Ibom State
PP	Ibom rice project	MPN/ Akwa Ibom state government/ Midland Rice of Arkansas	Agriculture	Akwa Ibom State
PIP	MPN-STEP-GBF partnership	MPN/ STEP/GBF	Micro-credit scheme and capacity building	Akwa Ibom State
PIP	MPN-NNF partnership	MPN/NNF	Health	Akwa Ibom State
PP	EPNL-River state government partnership	EPNL/River State government	Infrastructure and Health	River State
PIP	The Niger Delta Initiative	EPNL-OML 58 communities-UNV-UNDP	various	River state
PIP	Eastern Obolo Community Development Foundation	EPNL/Pro-Natura/Eastern Obolo Communities	Various	Akwa Ibom State

Source: Fieldwork, 2005