Evaluating Multi-Sector Partnerships for Sustainable Community Development in Nigeria

EVALUER LES PARTENARIATS MULTISECTORIELS POUR LE DEVELOPPEMENT DURABLE : COMMUNAUTE DE DEVELOPPEMENT AU NIGERIA

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Received 24 September 2011; accepted 2 December 2011

Abstract
More than ever, multi-sector partnerships are being seen as a key community development approach, with many governments, corporate bodies, and international agencies viewing them as an effective way of addressing complex development challenges that have defied single-sector interventions. In Nigeria, corporate bodies have, before now, demonstrated their commitments towards community development directly and independently. But presently, the attention has shifted to partnership approach for sustainable community development. The aim of this paper is to have an insight on the multi-sector partnerships employed by Shell Petroleum Developing Company – the Nigerian subsidiary of Royal Dutch Shell, aimed at poverty reduction, and sustainable community development in their host communities. The paper uses a qualitative approach through exploring of relevant secondary sources and content analysis to evaluate the company’s partnership initiatives. It argues that such partnerships have impacted more positively on the people by empowering community members, enhancing community well-being, and solving community problems than the company’s previous approaches to community development.

Key words: Partnership; Poverty Reduction; Sustainable Community Development; Oil Multinational Companies; Bottom-up

INTRODUCTION

Multi-sector partnerships play a vital role in addressing...
pressing community needs, with business increasingly seen as a chief player in such partnerships. Kanter (1999) noted that partnerships between business and community have emerged as one of the visible aspects of organizations’ social responsibility programmes. As a result of gaps in social provision and governance in developing countries, corporate bodies have come under heightened requirements and expectations to fill those gaps (Baughn, Bodie, & McIntosh, 2007). In Nigeria, the oil multinational corporations (MNCs) have entered into partnerships as part of their overall corporate social responsibility (CSR) approach for their host communities in order to address the people’s needs. Multinational corporations mostly get involved in CSR in countries where governments are negligent of their duties of raising the living standard of the people. For instance, Nestlé and Unilever in India, Coca-Cola in Venezuela, Intel in Costa Rica, and Land O’Lakes International in Albania, just to mention but a few. Their initiatives not only provide jobs and raise incomes; they also improve education and give individuals motivation to pursue it (Lodge, 2006).

Given Nigeria’s enormous resources, the country should rank among the richest countries of the world, and should have no business with poverty. The wealth potentials of the country manifest in the forms of natural, geographical, and socio-economic features (Saliu & Omotola, 2007). Although the trend of poverty in Nigeria is national, the rural dimension is much more devastating. The communities in the Niger Delta region, home to oil explorations in the country are some of the rural areas with high incidence of poverty. The high incidence of poverty in the region is in sharp contrast to the region’s critical importance to the Nigerian economy. The Niger Delta oil contributes enormously to the well-being of the Nigerian state, which depends on the oil industry for approximately 95% of export earnings and 80% of government revenue (SPDC, 2009); yet the poverty level in the region is higher than the national average (Clark et al., 1999; NDDC, 2004).

Failure of government to provide development to the Niger-Delta has led to the communities in the region relying on the MNCs for provision of community needs (Ite, 2005); sometimes occasioning community protests, agitations and conflicts in the region as a way of creating awareness. As a way of demonstrating commitment to the reduction of poverty in their host communities, the MNCs, over the years, have used different community development approaches to bring development to their host communities, including partnering with other bodies. And such partnerships have also taken different forms. While some MNCs have involved the government agencies in their approaches, others have engaged the host communities directly. Collaborations with nongovernmental organizations have also been utilized by some other MNCs as a way of addressing local poverty, while others have involved the entire listed development stakeholders. The partnership approaches adopted by Shell Petroleum Developing Company (SPDC) – the Nigerian subsidiary of Royal Dutch Shell are discussed in this paper. To do this, a theoretical framework that guided the paper is examined. The nature of poverty both in Nigeria and the Niger Delta are illustrated. Then, the company’s previous development strategies are examined, which is followed by the multi-sector partnership models; and finally the conclusion.

1. THEORETICAL FRAMEWORK

The paper is guided by the stakeholder theory. This theory was developed by R. Edward Freeman in his book, Strategic Management: A Stakeholder Approach, where he identified and modelled the groups which are stakeholders of a corporation, while at the same time, describing and recommending methods by which management can give due regard to the interests of those groups, defined as group of people who can affect or can be affected by the achievement of the organization’s objectives (Freeman, 1984). The stakeholder theory holds that effective management requires the balanced consideration of and attention to the legitimate interests of all stakeholders (Freeman, 1984), identified as customers, employees, local communities, suppliers, distributors, and shareholders (Friedman, 2006). Further, Freeman (1984) affirms that the crux of stakeholder means that managers should formulate and execute issues which satisfy every group having a stake in the business. And to achieve this, he advises that business must manage and integrate the relationships and interests of all stakeholders in a way that promises long-term success of the organization. Fontaine, Haarman and Schmid (2006) believe that the approach with which organizations integrate their stakeholders is usually a major aspect of the concept of Corporate Social Responsibility (CSR).

The stakeholder theory stresses that a corporation’s financial success can best be actualized by giving the interests of the benefits of the business’ shareholders, customers, employees, suppliers, management, and local community proper consideration, and adopting policies that produce the optimal balance among them (Hasnas, 1998). In a similar vein, Mitchell, Agle, and Wood (1997) are of the opinion that corporations who want to achieve certain ends pay particular kinds of attention to various classes of stakeholders, and that their perceptions dictate stakeholders’ salience. They continued by maintaining that various classes of stakeholders might be identified based upon the possession of power, legitimacy, and urgency (p.872). According to Davis (1973), it is the society that grants legitimacy and power to business; and if eventually the power is not used in a manner which society considers responsible, business is likely to lose it.
From the foregoing, a corporation does not exist in isolation; rather it is based on a web of social relationships of dependency and expectations (Wood & Jones, 1995). Therefore, the interests and demands of stakeholders should be identified by corporation and accorded appropriate consideration (Freeman, 1984).

2. NIGERIA, NIGER DELTA AND NATURE OF POVERTY

Nigeria is the most populous country in Africa, with its population of over 150 million people accounting for 47% of West Africa’s population (World Bank, 2011). Nigeria’s population is diverse, made up of around 200 ethnic groups speaking 500 indigenous languages, practicing two major religions – Islam and Christianity. Situated on the Gulf of Guinea, Nigeria is bounded by Niger on the north, Cameroon to the east, and Benin on the west.

Nigeria is a key player in the global energy market, and is the seventh largest producer of oil in the world (Ikelleghi, 2005). Oil accounts for about 90% of the country’s export income. In addition to oil, Nigeria exports cocoa, rubber and other non-oil products. According to Canagarajah and Thomas (2001), Nigeria earns the largest export income of the sub-Saharan African countries, with the exception of South Africa. Despite these mineral and natural resources, a substantial portion of its population remains very poor because of the failure to effectively manage its wealth. As aptly put by the World Bank (2005), Nigeria has the largest number of the poor in the world after China and India.

Prior to the discovery of oil, agriculture was the backbone of the Nigerian economy, so much that most parts of Nigeria’s National Development plans depended on it. However, with the discovery of oil, Nigeria has been running a mono-cultural economy relying solely on oil exportation and importation of capital in return, for the implementation of over 60% of its National Development Project (Emmanuel, Olayiwole, & Babatunde, 2009). Sequel to this, the oil industry, according to the World Bank (1997) remains the most attractive sector of the Nigerian economy today. Regrettably, in spite of the enormous funds from this oil sector, the country has not been able to meet up with the developmental needs of the citizens.

It is the failure of various Nigerian governments to fulfill the socio-economic aspirations of the people that have led to the widespread poverty in the country, especially in the rural areas. As Nnadi (2008) puts it, poor governance, bribery and corruption have severely limited its development, both socially and economically, leaving the citizens living in desperate poverty; while inequalities and unemployment are high and are coupled with other economic trends such as high interest rates and costs of living.

Prior and after independence, it was generally assumed that Nigeria would attain great heights in terms of economic and political development as she had the resources to join the comity of developed or emerging industrialized nations. Unfortunately, its model of development was poor due to overemphasis on the oil sector while excluding other sectors. Thus, poor management of earnings from oil and other resources caused it to nosedive economically (Potente, 2009). The corollary of this, as Lewis (2003) opines, is the country’s current situations of economic stagnation, widespread poverty, high mortality rates, wide-ranging social ills, political instability, patronage politics, and weak institutions and poor governance.

As earlier stated, Nigeria is endowed with oil deposits of high quality and several other mineral resources. It is good to note that Oil has generated an estimated $600 billion since the 1960s (Wurthmann, 2006); but sadly, despite these endowments, Nigeria remains one of the poorest countries of the world (UNDP, 1999). The causes of poverty in Nigeria are myriad, such as political corruption, bad governance, illiteracy, crime, low growth rate of the economy, the use of poor or inappropriate technology, prevalence of inappropriate resource allocation, particularly in the public sector, and low rate of investment. However, failure of government at the federal, state and local level is the most fundamental source of disconnect between Nigeria’s wealth and its poverty. Hence, the interaction of these variables places a large segment of the society in the vicious cycle of poverty, especially the rural areas.

In a bid to overcome poverty, successive governments initiated and implemented different programmes to alleviate it. Some of the programmes include Directorate of Food, Roads and Rural Infrastructure (DFRRI), Better Life Programme (BLP), Directorate of Employment (NDE); People’s Bank of Nigeria (PBN); Family Support Programme (FSP); Family Economic Advancement Programme (FEAP); Poverty Eradication Programme (PEP); National Poverty Eradication Programme (NAPEP); and National Economic Empowerment Development Strategy (NEEDS). Unfortunately, these programmes failed to achieve their objectives due to corruption, misapplication of development resources, and bad governance (Osuntokun, 2000).

As aforementioned, the rural dimension of poverty in Nigeria is much more devastating, although the trend of poverty in Nigeria is national. The communities in the Niger Delta, home to oil explorations in the country are one of the rural areas with high incidence of poverty. A major aspect of the Niger Delta is its general state of underdevelopment, underemployment, extreme poverty, and lack of proper and adequate infrastructure. Failed and abandoned development projects, meant to improve the material living conditions of the people characterize
the rural regions of the area while economic and social rights, such as the right to an adequate standard of living, remain unfulfilled (Maxted, 2006). The United Nations Development Programme (UNDP) describes the region as suffering from “administrative neglect, crumbling social infrastructure and services, high unemployment, social deprivation, abject poverty, filth and squalor, and endemic conflict” (UNDP, 2006). The majority of the people of the region do not have adequate access to clean water or health-care. Their poverty, and its contrast with the wealth generated by oil, has become one of the world’s starkest and most disturbing examples of the “resource curse”.

3. EXAMINING SPDC’S PREVIOUS APPROACHES TO COMMUNITY DEVELOPMENT

Over a period of time, Shell Petroleum Development Company (SPDC) has adopted various approaches aimed at bringing development to their host communities, as a way of expressing the company’s CSR. These paradigm shifts were all geared towards a higher form of delivery of development to local communities. The earliest community development approach adopted by SPDC was termed Community Assistance (CA) – spanning a period from 1960 through 1997; and was based on corporate philanthropy, with concentration on giving things to communities around SPDC’s facilities (Idemudia, 2007). The company’s CA was characterized of giving to the communities whatever it felt they needed (SPDC, 2004a). The planning and implementation of the projects that were given to the communities were solely handled by the SPDC, without community involvement. Ite (2007) stated that the development initiatives consisted of a set of ad hoc development projects rather than coordinated plans, and focused on what Shell felt the communities lacked, or on Shell’s perception of poverty within the communities. As a result, the communities perceived themselves as helpless victims of circumstances rather than capable actors in the development process.

The above situation, according to Idemudia (2007) resulted in 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. Soon, a culture of dependency followed, as the CA strategy was characterized by one-time “gifts” to communities and a lack of community involvement, as against support for sustainable development programmes. Also, it led to an attitude of passiveness on the part of the communities, who saw the projects as not meeting their core needs. Consequently, the region started making demands from both Shell and other multinationals in the region for development to meet community needs.

Realizing that the overall appeal and significance of CA to society and business was low (SPDC, 2004a), the company, in 1998 moved from CA to Community Development strategy (CD). This movement to a new strategy was based on the company’s broad CD policy objectives, namely: (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, 2004). The unsuccessful strategy of CA was fundamentally connected to lack of participation in the design, monitoring and implementation of the projects by the recipients of the projects – the people. As such, they showed no interest in maintaining those projects because they were seen as SPDC’s projects as they failed to address communities’ priority needs. Consequently, the CD strategy deviated from the CA model and promoted community participation, partnership, and building local capacity to ensure sustainability and a multiplier effect (SPDC, 2004a). Zalik (2004), however, insists that community involvement under this partnership development was ad hoc and remained philanthropic as opposed to genuine engagement that focused on stakeholder relationships. On the other hand, Ite (2007) affirms that the CD model had the potential for community empowerment and the development of social capital in host communities as it placed emphasis on the empowerment of communities in the development process, which was to significantly reduce their dependency on Shell for socio-economic development.

As a result, community development projects were determined by members of the communities, with the participation of Shell’s community development advisers or nominated partners, assisting the communities in determining development projects priorities. Unlike the CA approach which had an impromptu procedure, the CD approach was well coordinated; and the projects were planned to solve the communities’ most pressing socio-economic and environmental problems, as well as provide a broad development programme covering virtually all sectors. The new strategy encompassed not only the CA projects in education, social infrastructure and agriculture, but also microcredit, women in development, water and sanitation. Nevertheless, Ite (2004) believes the company found it difficult to accomplish its expected objectives of the CD policy as originally projected because the CD approach was simultaneously being operated with the CA model which focused on traditional corporate philanthropy; hence limiting the ownership, impact and sustainability of the community projects, despite huge investments by Shell in the CD model. And like the CA, this gave rise to further agitations by the people, with its attendant greater increase in regional instability.

4. SPDC’S MULTI-SECTOR PARTNERSHIPS

Based on the problems that hampered the success of CD
model, SPDC in 2004 made another paradigm shift from the CD model to Sustainable Community Development strategy (SCD); which, according to them refers to all the activities, efforts and expenditure harnessed to supporting communities to improve and maintain their capabilities to generate and sustain their own socio-economic progress and quality of life (SPDC, 2004). To achieve this, SCD sought to place the communities as prime movers for their own development, in view of sustaining the development programmes and projects. The major difference between the CD and SCD is that SCD involves managing the community interface as a core line responsibility within Shell through the area teams, who interact daily with the communities. And this is to be complemented through a strong central guidance and monitoring from the SCD department, and will ensure prompt attention to community issues and concerns while maintaining stronger internal controls and accountability (SPDC, 2004b).

Under the SCD model, Shell adopted a partnership approach with other development stakeholders, such as corporate bodies, civil society, Nigerian government agencies, and international organizations as a strategy for achieving sustainable development in the Niger Delta. This, according to them was to enhance diversified economic growth, sustainable agriculture, decreased conflict and increased security and job creation through business development, education and good governance (SPDC, 2004). By partnering with these bodies, SPDC wanted to draw the resources of other development stakeholders to complement its own efforts. The different forms of the partnerships are strategic alliances, programme partnerships, and project or programme implementation partnerships (Finlayson, as cited in Ite, 2007). While the roles of strategic alliances and programme partnerships include offering opportunities for inter-agency co-operation and joint funding, SPDC’s implementing partners deliver the programme on their behalf at the field level. A couple of projects has been launched in the Niger Delta and across Nigeria by the company and the partners in this collaboration. Among the institutions that have joined in this alliance with Shell include the International Finance Corporation (a division of the World Bank), Diamond Bank Nigeria, United States Agency for International Development (USAID), the International Institute for Tropical Agriculture (IITA), and Africare.

Within the company’s sustainability model of community development, SPDC in 2006 introduced the Global Memorandum of Understanding (GMoU), which is a broader partnership approach and a new way of working with communities, rather than entering into such agreement with individual communities. This GMoU is a partnership between SPDC and a group or cluster of communities, with the ultimate goal of extending development to both the communities closer to the SPDC’s facilities and those that are not (Omiyi, as cited in Adekoye, 2006). To achieve such a development goal, the governing structure of the GMoU has a 10-person Community Trust (at communities’ level), Cluster Development Board (CDB), and a Steering Committee chaired by the state government (SPDC, 2011). The CDB has an administrative and supervisory role, making sure that projects are implemented, and that plans and programmes are clearly set.

Also, the agreement brings together the communities alongside the region’s development stakeholders’ representatives in a decision-making committee called the Cluster Development Board (CDB). Unlike the previous approaches, the GMoU partnership allows the communities to initiate the kind of community development they want, while SPDC on behalf of its joint venture partners provides the funding and technical assistance that will both implement the programmes as well as equipping the CDB members with the capacity required to function efficiently by becoming registered community development foundations.

The success stories of these partnerships are enormous as the communities are already reaping the benefits of sustainable community development. For instance, by the end of 2010, a total of 24 clusters of communities, encompassing 244 communities had entered into agreements with SPDC; and through GMoUs, community projects totaling 490 in number had been successfully completed; while some CDBs have transformed into registered development foundations, capable of attracting funds and other forms of support from external sources (SPDC, 2011). Some of the clusters of communities have commended the GMoU confirming that the people were thrilled by the improvement in their lives; and the people acknowledging that community development benefits have been numerous, through financial interventions in the area of microcredit, scholarships, innovative healthcare, water, education, transport, skill acquisition, jetty and town development (Onah, 2011). With this development realization, SPDC hoped that the transparency, accountability, and regular communication with the grassroots which are key elements of the GMoU partnership model will offer an enabling environment for both local and international donor agencies to fund development directly through the CDBs.

Another accomplishment of the partnership is in the area of social investment, which has stimulated economic activities in the communities. For instance, a four-year GMoU between SPDC and Okordia-Zarama cluster in Bayelsa state was signed in 2006 to provide electricity to all the nine surrounding communities in the cluster (SPDC, 2011). The completed electrification project, which was commissioned in 2010, has since connected the nine communities to the national grid (Okhomena,
CONCLUSION

The SPDC’s previous CA and CD strategies of community development created a dependency culture in the Niger Delta because of lack or limited community participation, which detached the communities from the development process. The outcome of such dependency intensified the communities’ expectations and demand for developmental benefits from SPDC. Such approaches had a top-down development element, which, by its nature is an imposition on the community, as development programmes emanating from the top-down may not be programmes needed by the community. As a result, this pattern of development failed to achieve its community objectives in the Niger Delta, because as stated by Louw and Tomaselli “declaring top-down strategy ‘community development’ without community participation will be perceived by the community concerned to be a farce”. SPDC’s earlier approaches to community development in the Niger Delta achieved minimal success because they were unsustainable due to the inherent top-down attitude that did not encourage the participation of people in key issues of the development process.

The collaboration of business, government, nonprofit, and local community in dealing with the complexities of development problems underscores multi-sector partnerships as a preferred approach to sustainable community development. The partnership approach employed by SPDC has proved to be an effective approach to sustainable community development because it has empowered the people and encouraged bottom-up development. As Nikkah and Redzuan (2009) affirmed, achieving empowerment which is the ultimate objective of community development is impossible without participation and involvement of the community in particular projects. Previously, community members were not involved in the planning and implementation of projects meant for them; a situation that led to many abandoned projects. However, the GMoU partnership allows communities to decide and drive their development programmes, while SPDC on behalf of its joint venture partners provides the funding. The agreements with clusters of communities have also expanded development, not only to the communities closer to the company’s facilities, but also to distant communities. The partnership approach which brings the community members together with the region’s development stakeholders has continued to impact positively on the well-being of the communities. It enables all clusters under the General Memorandum of Understanding (GMoU) to initiate, plan, implement and evaluate development projects; thereby putting the people themselves at the center of the entire development process. The achievements recorded, when compared with the previous approaches have demonstrated Shell’s adoption of multi-sector partnerships model as a preferred approach to CD because of its significant contribution to empowerment and sustainable community development in the Niger Delta, Nigeria.

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