

CONTRIBUTIONS OF CORPORATE SOCIAL RESPONSIBILITY TO AGRICULTURE AND RURAL DEVELOPMENT IN NIGERIA

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ABSTRACT

Corporate Social Responsibility (CSR) gained prominence in Nigeria in the 1990s with the internationalization of the conflict between oil and gas companies and their host communities. Its contributions to development in the country cuts across agriculture, capacity building, economic empowerment and provision of rural infrastructure in health, education and potable water; which make agriculture and rural development sector a major recipient of CSR interventions. Corporate entities (CEs) in Nigeria employ internal and external delivery modes for their CSR contributions. They are however gradually moving away from the internal delivery mode. It is recommended that communities and their local institutions should collaborate and provide institutional support to CEs to facilitate CSR interventions and reduce costs as practiced in the Global Memorandum of Understanding (GMOU) model. The areas of need to which CEs should focus their CSR activities include improving access to secondary school, health, potable water and agricultural extension support.

Key words: Corporate Social Responsibility, Agriculture and rural development policy, Scope of Coverage, Mode of Delivery, Corporate entities, Nigeria

INTRODUCTION

Business houses are usually regarded as constructive partners in the communities in which they operate. Though they have been instrumental in creating employment, wealth, products and services, yet the pressure on businesses to play a role in social issues involving employees, stakeholders, society, environment and government is continuously increasing (Sharma, Sharma and Devi, 2009).

The concept of CSR has gained unprecedented momentum in business and public debates and has become a strategic issue which affects the way in which a company does business. Many organizations now include CSR as one of their core values. Corporate communications proudly report on their CSR endeavours to indicate the organizations are fulfilling their obligations to the society and are therefore eligible for the social license to operate. The CSR activities, which range from small donations to bigger projects, are usually directed at social welfare and environmental sustainability. Conglomerates and

multinationals have set the pace for demonstrating their commitments to social and environmentally sustainable practices (Sharma, *et. al.*, 2009).

Increasingly, society is calling on corporate entities to perform roles and responsibilities as corporate citizens (CC) in society. CSR is one of the root concepts of CC. Others are: business citizenship, corporate responsibility, corporate social performance, stakeholder theory, corporate reputation, and corporate community relations. Corporate Citizenship, in its various connotations, is a concept that is marked by ambiguity and lack of consensus on what it really means (Carroll, 1979).

Although CC has become very important in the last two decades, it has actually been in practice for centuries. For example, the Quakers in the 17th and 18th centuries built their business philosophy not only on profit maximization, but also on the need to give back to the society at large. In their thinking, there was no separation between business and the society (Amaechi, *et. al.*, 2006).

Activities of civil society organizations in recent years have contributed to the pressure on corporate bodies to be more responsive in giving back to the society and the environment. In addition, the emergence of ethical investment portfolios over the last decade has made CC even more compelling to business entities. The concept of CC continues to evolve and this is accompanied by a proliferation of terminologies which are ostensibly describing the same phenomenon. There is generally no consensus on these terminologies; however it is agreed that CSR is all about business entities giving back to the society (World Bank Institute, 2003). This paper presents a review of the contributions of CSR to agriculture and rural development in Nigeria. Specifically, the paper will:

- a) review the current status of agriculture and rural development in Nigeria
- b) examine different perspectives to CSR in Nigeria and
- c) enumerate CSR activities of Organizations in Nigeria with respect to Agricultural/rural development.

Information for this study was gathered from primary and secondary sources. Sources of primary data include some oil & gas companies, other extractive industry firms, non-extractive industry firms and faith-based organizations. Information from these sources was gathered through individual interviews and focus group discussions with CSR experts in the aforementioned industries. Secondary data were gathered from corporate websites of some of the companies, review of past reports on CSR activities of some companies and literature on CSR.

AGRICULTURE AND RURAL DEVELOPMENT IN NIGERIA

Agriculture occupies a prominent place in the economy of Nigeria. The sector accounts for about 42% of the GDP and employs about two-third of the labour force (Central Bank of Nigeria, 1994; Mesike, Owie, and Okoh, 2009; Njoku, 2010). In the period preceding the political independence of Nigeria in 1960, agriculture was the major foreign exchange earner. However, the role agriculture has played in Nigeria's economic life has decline tremendously (Mafimisebi, Oguntade, and Mafimisebi, 2010). Nonetheless, the significance of agriculture to Nigeria's development cannot be disputed. Agriculture continues to play a principal role in the provision of food, raw materials for the local industries, employment and some foreign exchange earnings (Mafimisebi *et. al.*, 2010).

In an agrarian economy like Nigeria's, agricultural and rural developments are interwoven. Rural development is defined to include multiple, often disparate activities in the same geographical area. It also connotes self-sustaining production and income generating activities. Other people see it as subsidized delivery of economic and social services or activities that address specific rural issues such as local organizational development or peoples' participation (FAO, 1986). Specifically, 51.7 % of Nigerians live in the rural sector (Falola and Heaton, 2008) and are mostly engaged in agriculture either directly or indirectly. The rural/agricultural economy in Nigeria is bedeviled by a number of critical problems which include inadequate capital investment culminating in the vicious circle of low farm size, low uptake of productivity-boosting technologies, low output, low income and low farm size (Mafimisebi, *et al.*, 2006, 2008), the prevalence of small-scale farmers with low resource endowment and managerial skills (Akinwunmi, 1999) and poor rural infrastructure as a result over-concentration of investments in health, education and water supply on the cities. The consequence of this is that the rural population has extremely limited access to services such as schools and health centres, and about half of the population lacks access to safe drinking water (IFAD, 2010). Inadequate rural infrastructure exerts adverse effects on the profitability of agricultural production activities. Poor rural roads hinder the efficient marketing of agricultural commodities, deprive farmers of remunerative producer prices and contribute to produce spoilage (IFAD, 2010). The rural populace therefore requires adequate infrastructural facilities to continue to live and work in the agriculture dominated rural economy (DFID, 2007). Thus, agricultural policy in Nigeria also addresses rural development issues. Key agricultural projects in Nigeria hence also have components that are directed at infrastructural development. Examples of such projects include Directorate for Food Roads and Rural Infrastructure (DFRRI) (Oyeranti and Olayiwola, 2005), Agricultural Development Programmes (ADPs), National Fadama Development Programme and River Basin Development Authorities.

All public sector interventions in the agricultural sector in Nigeria in all tiers of government are directed at achieving national agricultural policy objectives. Private sector entities are also encouraged to key into these objectives. In a broad sense, the objectives of the agricultural policy are:

- 1) The achievement of self-sufficiency in basic food supply and the attainment of food security.
- 2) Increased production of agricultural raw materials for industries.
- 3) Increased production and processing of export crops, using improved production and processing technologies.
- 4) Generating gainful employments.
- 5) Rational utilization of agricultural resources, improved protection of agricultural land resources from draught, desert encroachment, soil erosion and flood, and the general preservation of the environment for the sustainability of agricultural production.
- 6) Promotion of the increased application of modern technology to agricultural production
- 7) Improvement in the quality of life of rural dwellers.

The key features of the policy are:

- 1) Evolution of strategies that will ensure self-sufficiency and improvement in the level of technical and economic efficiency in food production.
- 2) A nationwide, unified and all-inclusive extension delivery system under the ADPs
- 3) Active promotion of agro-allied industry to strengthen the linkage effort of agriculture on the economy.
- 4) Provision of such facilities and incentives as rural infrastructure, primary health care, cottage industries etc, to encourage agricultural and rural development and attract youths (including school leavers) to go back to the land.

Any private sector intervention in the agricultural and rural development sector in Nigeria will be expected to be keyed into these policies. More especially, CSR interventions should be developed with full cognizance given to the agricultural and rural development policies. The interventions will be expected to help address some of the agricultural and rural development challenges which these policies are meant to tackle. The presentation of CSR's contribution to agriculture and rural development in this paper will be done against this background.

CORPORATE SOCIAL RESPONSIBILITY: CONCEPT, DEFINITIONS AND SCOPE

Various views on CSR have been expressed over the years, with Bowen's view expressed in his 1953 publication of *Social Responsibilities for the Businessman*, reportedly considered by many as definitive on the subject (Lee, 2008). Most authors argued in favour of CSR, despite the lack of consensus on what it really meant. However, Friedman (1962) promoted a contrary viewpoint by asserting that "businesses had no other social responsibility than to make as much profit as possible".

McGuire (1963, p. 144), while agreeing that economic concerns are important to businesses, argued that "the idea of social responsibilities supposes that the corporation has not only economic and legal obligations, but also certain responsibilities to society which extend beyond these obligations".

Other considerations in CSR definition exist. One of which is Carroll's (1979) four-part definition of CSR which encompasses the economic, legal, ethical and discretionary (philanthropic) expectations that society has of any given organization; namely:

- be profitable (economic),
- be obedient to laws and regulations (legal),
- do what is right, fair and just (ethical), and
- be good corporate citizens (philanthropic / discretionary).

Most corporate organizations subscribe to the four parts but feel more obligated to the first three. Visser (2006) argued against Carroll's CSR model, and postulated CSR practice as a socio-cultural product that reflects the society and people in which the corporate bodies operate.

Chandler (2001) argued that 'while there is no universal definition for CSR, it generally refers to transparent business practices that are based on ethical values, compliance with legal requirements, and respect for people, communities and the environment'. Thus, beyond making profits, companies are responsible for the totality of their impact on people and the

planet.’ This is tantamount to saying that beyond profit, corporate bodies need to address issues of importance to the people and the environment.

Similarly, the World Business Council for Sustainable Development (2002), after consulting various stakeholders, stated that CSR is the commitment of businesses to contribute to sustainable economic development, working with employees, their families, the local community, and society at large to improve their quality of life.

Mate (2002) sees CSR as having five themes (human rights, worker rights, environmental impact, community involvement, and supplier relations & monitoring). These themes reflect in company’s core values and impinge on its policies, strategies, decision-making and operations. In addition, different corporate entities tend to come with their own concepts of CSR which is reflected in their core values and their CSR interventions.

According McWilliams and Siegel (2001), CSR refer to situations where a firm carries out “actions that appear to further some social good, beyond the interests of the firm and that which is required by law.” This definition sees CSR as voluntary actions by a corporate entity pursuant of social good. The World Economic Forum (2003) sees corporate citizenship as the contribution a company makes to society through its core business activities, its social investment and philanthropy programmes, and its engagement in public policy. The manner in which a company manages its economic, social and environmental relationships, as well as those with different stakeholders, in particular shareholders, employees, customers, business partners, governments and communities determines its impact. CSR interventions hence involves the investment of the firm’s resources in *pro bono* work, philanthropy, support for community education and health, and protection of the environment that are seen as parts of the company’s social performance (Wood, 1991).

Discussing the motives for pursuing CSR, Jones (1995) argued that companies involved in transactions with stakeholders on the basis of trust and cooperation are motivated to be honest, trustworthy and ethical because there are high returns to such behaviour. Dwelling further on this argument, Fombrun and Shanley (1990) demonstrated that the reputation of the firm is affected by its socially responsible behaviour. This implies that a firm should consider CSR as an element of its corporate strategy. Some authors (Bagnoli and Watts, 2003; Baron, 2001; McWilliams and Siegel, 2001) assert that firms engage in “profit-maximizing” CSR. That is, companies behave in a socially responsible manner because they anticipate some benefits from these actions. Such benefits may be a social license to operate which, in troubled regions, minimizes the down-times as results of shutdowns, shut-ins and lock-outs. Other potential benefits of CSR include enhancement of reputation and goodwill which further the ability to retain customers in spite of price hikes. These benefits are deemed to compensate for the extra costs incurred in implementing CSR.

Extending the discussion on the motive for CSR further, Baron (2001) and; McWilliams and Siegel (2001) formulated the profit-maximizing CSR model. Baron (2001) used the phrase “strategic CSR” and defined as the “private provision of a public good.” Some companies report annually on their CSR activities, probably because they anticipate some returns to the provision of information to the public on their contributions to social good. Such information are however regarded by some

members of the public as self-promoting and biased. It is because of such perceptions that some multi-nationals engage external auditors to audit their CSR activities.

CORPORATE SOCIAL RESPONSIBILITY IN NIGERIA

The development of CSR in Nigeria can be traced to the colonial period when the European corporations operated in the country. Then the concept of shareholders theory was predominantly pursued by the premier European corporation called Royal Niger Company (RNC) chartered in 1886 (Amaeshi, Adi, Ogbecchie and Amao, 2006). Shareholder theory defines the primary duty of a firm's managers as the maximization of shareholders wealth (Berle and Means, 1932; Friedman, 1962). The corporate philosophy of the RNC in Nigeria during this period exemplified shareholder perspective of the firm stated above. Between 1885 and 1900, the company provided casual employment for few indigenes in its postal system in Akassa in 1887, Calabar in 1891, Burutu in 1897 and Lokoja in 1899. The postal system was established primarily for conveying mails from its trading stations located in these commercial centres to and from Lagos by a weekly mail boat (Amaeshi, et. al., 2006).

The successor of RNC, the United Africa Company (UAC) was formed in 1919 by a merger between two British trading companies active primarily in West Africa; the Niger Company and the African and Eastern Association. UAC's corporate philosophy was designed to maximize shareholders' profits in line with the concept postulated by Friedman (1962).

The 1970s heralded a new phase in the history of corporate social responsibility in Nigeria. The civil war had ended and the military was in the saddle of political affairs of the country until 1979. This decade was characterized by oil boom and economic buoyancy for the country. In the post-war Nigeria, the Federal Government under the Gen. Yakubu Gowon rolled out the "state social responsibility" concept envisioned in government's 3R policy called "reconciliation, rehabilitation and reconstruction", which was targeted at the citizens of the Eastern region (former Biafra). The policy focused on the restoration of damaged infrastructure, such as shelters, local markets, clinics, roads, hospitals, schools, colleges, universities, airports, etc., in order that the people might be able to recommence their lives as swiftly as possible (Gowon, 2007).

Prior to the 1990s, corporate entities in Nigeria viewed their primary duty as the maximization of shareholders wealth in line with Berle and Means (1932) and Friedman (1962). However, beginning from the 1990s, corporate citizenship dimension of corporate social responsibility began to emerge in Nigeria. Davenport (2000), states that "corporate citizenship became a commonly used term by practitioners" in the 1990s; and this is true for Nigeria. Prior to time, companies in Nigeria did not appreciate need to enhance their reputation through the practice of CSR. The tempo for the implementation of CSR activities gathered momentum, especially among the oil companies, with the internationalization of the conflict between the Ogoni people and the Shell Petroleum Development Company (SPDC) in 1992 (Kretzman, 1995). The Ogoni-SPDC's crisis led to a shift in companies' attitude to CC and CSR in Nigeria. Most companies have since realized the potential impact of CSR on corporate reputation, safety of corporate assets and corporate performance (Lewis, 2003; Garone, 1999).

Amaeshi *et. al.* (2006), revealed that Nigerian firms see and practice CSR as corporate philanthropy. The research found that this construct of CSR was a reaction of indigenous firms to the peculiar socio-economic realities of Nigeria. They also opined that this conception of CSR could be connected to the traditional socio-cultural heritage of Nigerian firms and prevalent religious influences in the country. The socio-cultural belief in Nigeria promotes the philosophy of being one's brother's keeper; the haves are expected to impact positively on the have-nots. Waves, issues, and modes of CSR engaged in by the indigenous firms also mirrored Nigeria's peculiar socio-economic conditions. Multinationals, on the other hand, based their perception and practice of CSR on the mandates from their home countries, or on those areas that directly impact on their business activities. However, some multinationals and local firms now have separate Foundations that have taken CSR beyond plain philanthropy.

Extensive research work done on CSR in Nigeria by New Nigeria Foundation corroborated the findings by Amaeshi *et. al.* (2006). New Nigeria Foundation's (NNF) study showed that CSR had been carried out mainly as philanthropic activities and, as a result, "corporate contributions had remained largely unregulated, unsupervised and unguided, depending entirely on the whims, caprices and generosity or otherwise of particular corporate executives in office". NNF's study focused on financial CSR, CSR in the workplace and market place, as well as in the community and environment. Basically, it was found that while companies had made some improvements in various aspects of CSR as defined for the study, a lot still needed to be done. This is especially so for indigenous firms which were found to be lagging behind their multinational counterparts.

A major beneficiary of CSR in Nigeria is the agriculture and rural development sector. An overview of the contributions of CSR to this sector is provide herewith with emphasis on participants, partnerships and objectives, scope of coverage, mode of delivery and level of contributions.

Participants, partnerships and objectives

The contribution of corporate business entities (CBEs) to social development in the country can be categorized into two, namely contributions that are mandatory arising from laws of the land and contributions that are largely voluntary. CBEs are made to contribute to Education Tax Fund (ETF) (Federal Republic of Nigeria, 1998), the Niger-Delta Development Commission (NDDC) (Federal Republic of Nigeria, 2000) and Small and Medium Enterprises Equity Investment Scheme (SMEEIS)¹. In addition, CBEs are also being requested to voluntarily contribute to the Agricultural Credit Guarantee Scheme Fund (ACGSF) (Mafimisebi, et. al, 2010).

The voluntary contributions of CBEs to social development in Nigeria, that is, their CSR efforts, are varied, covering every sector of the Nigerian economy. These range from support for infrastructure development in education, health, electricity and roads to provision of scholarships, vocational training and drugs/consumables for hospitals. In recent times, sponsorship of

¹ SMEEIS is a voluntary initiative of the Bankers' Committee approved at its 246th Meeting held on 21st December, 1999. It requires all banks in Nigeria to set aside ten (10) percent of their Profit After Tax (PAT) for equity investment and promotion of small and medium enterprises (Central Bank of Nigeria, 2005)

sporting programmes has also become common. CSR activities by CBEs in the Niger-Delta continue to be a major point of public discussion and assessment because of the low level development of the region and the region's contribution to foreign exchange earnings in Nigeria.

Other organizations that are contributing to social development in Nigeria through CSR include Faith-based organizations (FBOs); and Local and International Non-Governmental Organizations (NGOs). The sphere of participation of FBOs in social development includes education, health and agricultural development. The Catholic Church in Nigeria continues to play major roles in providing educational services at primary and secondary levels. In addition, the church is also active in providing vocational training thus emphasizing its contributions to capacity building of Nigerians at the low to middle manpower levels. The church has also been contributing to provision of services in the health sector over the years. Other FBOs contributing to provision of educational services in Nigeria include the Anglican Church, the Baptist Church, the Christ Apostolic Church, the Seventh Day Adventist Church, ECWA and some sects of the Islamic faith in Nigeria. In the agricultural sector, ECWA has been a major contributor. It has been running an agricultural development project in the middle belt of Nigeria for several years.

Some local NGOs have been filling some of the gaps in the socioeconomic development of Nigeria by complementing government efforts in the areas of health, education and agriculture. The Leventis Foundation, for example, provides agricultural education with a view to empowering trainees to become self-employed farm entrepreneurs. It runs a training institute each in Osun and Kaduna States.

Other Organizations such as British American Tobacco Nigeria Foundation, Cadbury Nigeria Plc, GlaxoSmithKline Nigeria, MTN Foundation, Nigeria NLG Ltd, Shell Petroleum Development Company (SPDC) etc are actively involved in agricultural/rural community development (NNF, 2007). Most of the CBEs' CSR interventions, which are largely tilted towards the rural areas in Nigeria, could be classified under rural development.

Scope of coverage

Contributions to social development in Nigeria by CBEs, FBOs and NGOs cut across health, education, water and sanitation, agriculture, capacity building, economic empowerment and credit. The array of activities that are undertaken in these sectors is presented in Table 1. The table shows examples of CSR being carried out by CBEs, FBOs and NGOs in Nigeria. The information provided in the table shows clearly that oil and gas companies have featured prominently in the provision of infrastructure in education, health, water and sanitation as well as in roads, electricity and markets. Most of these CRS intervention by the oil & gas companies are being undertaken in the Niger Delta which hosts most of their oil and gas concessions. They have also featured in capacity building and economic empowerment, micro-credit and agricultural extension, also in the same region. These are all critical aspects of agriculture and rural development in Nigeria. These interventions are helping to solve some of the problems of agriculture and rural development in Nigeria earlier discussed. The three tiers of governments have been unable to provide these critical infrastructural facilities in adequate quantities required for the development of the rural communities due to resource constraints, among others (Fakayode, Omotesho, Tsoho, and

Ajayi, 2008, IFAD, 2010). Given that most Nigerians reside in the rural areas and are directly or indirectly dependent on agriculture, CSR interventions in Nigerian have the potential for widespread benefits.

Table 1: Selected CSR Interventions in Nigeria by Sectors

| Sector | Intervention | Examples of Key Contributors |
|--|--|---|
| Agriculture | Provision of extension services | Oil & Gas, FBOs, Manufacturing companies |
| | Input supply | Oil & Gas, FBOs, NGO, |
| | Capacity building | Oil & Gas companies, NGOs, FBOs |
| Water and Sanitation | Provision of potable water | Oil & Gas companies, WaterAid, Food and Beverages |
| | Provision of sanitation facilities | Oil & Gas companies |
| Health | Provision of infrastructure and equipment | Oil & Gas companies, Banks, Telecoms companies |
| | Delivery of services | FBOs |
| | Supply of drugs/consumables | Oil & Gas companies, international NGOs |
| | Advocacy and sensitization | International NGOs, local NGOs |
| Education | Provision of infrastructure | Oil & Gas companies, Banks, Food & Beverages companies, FBOs. |
| | Provision of supplies & consumables | Oil & Gas companies, Banks, Food & Beverages companies. |
| | Provision of scholarships | Oil & Gas companies, Banks |
| | Endowment of academic chairs | Banks, Oil & Gas companies |
| | Sponsorship of academic conferences | Oil & Gas companies |
| | Provision of educational services | FBOs |
| | Sponsorship of scholarly competitions | Telecoms companies, Food & Beverages companies. |
| Capacity building and economic empowerment | Apprenticeship and economic empowerment programmes | Oil & Gas companies |
| | Vocational training | FBOs, Oil & Gas companies |
| Credit | Micro-credit | Oil & Gas companies |
| | ACGSF | Oil & Gas companies |
| | SMEEIS | Banks |
| Others (infrastructure) | Roads | Oil & Gas companies |
| | Electricity | Oil & Gas companies |
| | Markets | Oil & Gas companies |

Source: Field survey, 2009

The FBOs have featured significantly in the delivery of services in education, health and capacity building (vocational training). This requires consistent presence and good oversight function to accomplish. They have been prominent in these sectors since the colonial period. Most of the public schools in Nigeria today were taken over by state governments from the FBOs which established and operated them for several decades. The names of the schools attest to this fact up till today.

Of all the sectors and interventions presented in Table 1, only credit and health appear not to be highly subscribed. Credit has the shortcoming of poor repayment unless properly monitored (Mafimisebi, *et.al*, 2010). This implies that significant oversight function is required to make success out of credit-related CSR with the attendant cost implications. Most interventions in the health sector are limited to the provision of health infrastructure which are immediately handed over to government to staff and run. Most of these infrastructural facilities are situated in the rural areas.

Mode of delivery

Generally, there are two modes for delivering CSR in Nigeria; organizations delivering CSR by themselves (internally) and / or paying third parties to do it on their behalf (externally). The internal delivery mode requires the corporate entity to take charge of its CSR implementation. An external delivery mode implies outsourcing of CSR implementation to third parties. In both cases, the corporate entities normally have in-house units or divisions whose responsibilities include to strategize, plan programmes, monitor implementation and report results.

There are three internal delivery modes commonly used in Nigeria. These are corporate philanthropy, direct implementation and use of community-based organisations or foundations.

Corporate Philanthropy: The word philanthropy is derived from the Greek language, meaning "love for mankind". Corporate philanthropy refers to the giving by a business entity directly to charitable organizations or to individuals in need with the intention of improving the quality of life. The cost of corporate philanthropy is normally provided for during the annual budgeting process. Common corporate philanthropy activities include cash gifts, product donations, and employee volunteerism. Corporate philanthropy is not usually applied to agricultural and rural development interventions in Nigeria.

Direct Implementation of CSR Activities: In this instance, the business entity establishes a full-fledged in-house unit for delivering the CSR without third parties' involvement. This mode of delivery requires adequate staffing of the in-house unit for CSR delivery. This mode of delivery is commonly used for agriculture-related CSR interventions in Nigeria. Some of the corporate entities in Nigeria have established in-house units to deliver agricultural extension services and training. This is very common with the oil & gas companies in Nigeria. Some FBOs and foundations also use this mode in delivering agricultural extension services and training.

Community-Based Organizations (CBOs): The use of CBOs provides opportunity for business entities to provide some CSR with minimal direct exposure of company employees or representatives to often hostile community members. CBOs are civil society non-profit entities that operate within a single local community or communities in a designated geographical area.

Like other such entities, they are often run on a voluntary basis and are self-funding. There are many variants of CBOs in terms of size and organizational structure. Some are formally incorporated, with a written constitution and a Board of Directors (also known as a committee), while others are much smaller and are more informal. Typical CBOs fall into the following categories: community-service and action, health, educational, personal growth and improvement, social welfare and self-help for the disadvantaged. Prominent in this category are committees formed by the community or communities to engage and/or dialogue with business entities that operate within their communities. This mode of delivery is common in the Niger Delta and often used to deliver infrastructure.

Four main external delivery modes can be identified in Nigeria. These are intermediary organizations, partnering/strategic partnerships, foundations and multi-stakeholder schemes.

Intermediary Organizations: An intermediary organization is a third party that offers *intermediation* services between two parties. For CSR delivery, an intermediary organization deploys its expertise to deliver services for and on behalf of a business entity to beneficiaries. An advantage of the use of this mode of delivery is the value added to the transaction by the intermediary organization that may be impossible by direct dealing. This mode of delivery is being used to deliver credit-related CRS. The Agricultural Credit Guarantee Scheme Fund (ACGSF) is a typical example. Micro-credit is also being delivered through this mode by some oil & gas companies.

Partnering/Strategic Partnerships: A strategic partnership is a formal alliance between two or more entities, usually formalized by one or more MOUs but falls short of forming a legal partnership, agency or corporate affiliate relationship. Typically organizations form a strategic partnership when each possesses one or more assets that contribute to the achievement of their common objectives. Parties to the arrangement will contribute resources towards the achievement of their common objectives. Either one of them or a third party will implement the CSR. Some of these arrangements are implemented in Nigeria under the concept of the GMOU by oil companies in Nigeria. Most of the CSR interventions being delivered under this mode are in furtherance of rural development since they are aimed at putting infrastructural facilities in place.

Foundations: Some business entities in Nigeria form foundations for delivering their CSR. Typical examples of such foundations are Leventis Foundation, MTN Foundation, Shell Foundation and British-American Tobacco, Nigeria (BATN) Foundation. A foundation is a legal categorization of nonprofit organizations. Foundations often have charitable purposes. This type of nonprofit organizations may either donate funds and support to other organizations, or provide the sole source of funding for their own charitable activities. Private foundations are legal entities set up by an individual, a family or a group of individuals, for a purpose such as philanthropy. Various countries have laws relating to the establishment and operation of private foundations. Unlike a charitable foundation, a private foundation does not solicit funds from the public. So most foundations set up by the extractive industries in Nigeria could be classified as private foundations.

Multi-stakeholder Schemes: Two types of multi-stakeholder schemes could be identified in Nigeria. We have the legislated multi-stakeholder schemes and the industry designed multi-stakeholder schemes. The legislated multi-stakeholder schemes came out of government legislations which stipulate that selected companies contribute specified amounts into a pool of funds that is administered by an established entity. In Nigeria these schemes include the mandatory contribution of business entities to the Education Tax Fund (ETF) and the Niger Delta Development Commission (NDDC). In addition to these mandatory contribution schemes, there is also the ACGSF which was established through Decree 20 of 1988 (Central Bank of Nigeria, 1990) which however calls for voluntary contributions to a trust fund for guaranteeing loans to agriculture by banks participating in the scheme. This has encouraged institutional lending to agriculture significantly. Voluntary contributors include oil & gas companies.

The industry designed multi-stakeholder schemes are partnership initiatives among companies in the same industry. The use of these schemes is being promoted by NGOs and multilateral agencies with a view to setting social and environmental standards, monitoring compliance, promoting social and environmental reporting and auditing, certifying good practice and encouraging stakeholder dialogue and “social learning.” Through such schemes, partnerships are developed within the same industries to deliver CSR. Typical example is the partnership between the oil & gas companies that are operating deep offshore.

Findings from this study revealed that prior to 1992; the internal delivery was prominent among some oil and gas companies. With the increased hostility to the companies, the CBEs started shifting to the external delivery mode which also has the advantage of minimizing the overhead costs arising from maintaining a fully-fledged CSR unit.

Level of contribution

The level of contribution of various CBEs to CSR varies according to the funding modes adopted. The common funding modes are:

- CSR budget as a percentage of profit after tax
- CSR budget as a combination of a percentage of net profit and a proportion of sales
- CSR budget as a combination of a percentage of production from oil field, percentage of special/new construction projects budget, and allocated funding for approved community interventions.
- CSR funding as a combination of a percentage of profit and annual operations budget
- CSR funding as a percentage of annual operations budget

The funding of CSR based on profit by the various CBEs ranges from one to five percent.²

The NNF's (2007) survey of CBEs covering banks and financial services, manufacturing and petroleum marketing companies but excluding the oil and gas companies which are major contributors to agriculture and rural development in the

² Throughout this paper, we have avoided mentioning specific names of CBEs in order not to be seen as promoting any particular organization

Niger Delta of Nigeria revealed that a total of ₦2.05 billion³ was expended on CSR by these companies between 1999 and 2005. About 7.67% of the amount was expended on community development, 24.81% on education and 9.34% on health. The remaining 58.18% were expended on club/societies, emergency/relief, environment, labour unions, music/arts, NGOs, professional associations, religious bodies, research, social welfare, sports and others.

The statutory contribution of CBEs to ETF is 2% of pre-tax earnings of firms with employees greater than 100. The NDDC Act of 2000 (Federal Republic of Nigeria, 2000) states, among others, that 3% of the total annual budget of any oil producing company operating on- or offshore in the Niger-Delta area including gas processing companies must be contributed to NDDC fund. The NDDC fund is to be deployed by the Commission for the socio-economic development of the nine Niger-Delta States. Between 1999 and 2004, total fund contributed to NDDC amounted US\$1,008,767,000 out which the Federal Government of Nigeria contributed US\$419,540,000 while contribution from the oil and gas companies was US\$589,227,000. This shows how significant oil and companies' contributions to NDDC's funding was during the period. In addition, over the same period, the companies expended a total of US\$31,666,000 on discretionary development grants and aids for community development interventions (Federal Republic of Nigeria, 2005a). Reporting on the community development efforts of oil and gas companies, Federal Republic of Nigeria (2005b) stated that many oil and gas companies have well-established community development programmes through which they have provided support to their host communities. The oldest of these companies' initial community assistance programme began in the 1960s with agricultural extension services to improve the livelihood of agrarian communities. The programme gradually extended to education, infrastructure and water and sanitation. In the 1990s, assistance with health care provision, hospitals and youth programmes was added.

The contribution to SMEEIS is from the banking sector of CBE. The total contribution in 2005 was ₦41.4 billion while that of 2006 was ₦38.2 billion. The fund which is largely for equity investment in SMEs, supported 248 projects in 2006 as against 212 in 2005. Up to date, voluntary contribution to the ACGSF amounted to ₦1.392 billion. This amount came from 17 stakeholders four of which are CBEs. With Central Bank of Nigeria's persuasion, it is expected that more CBEs will contribute to this fund (Mafimisebi *et. al.* 2010).

CONCLUSION AND RECOMMENDATIONS

Corporate entities have contributed significantly to agricultural and rural development in Nigeria through their CSR activities as shown, for example, in their contribution to NDDC. Their activities are however tilted towards rural development given the prominence of rural infrastructure in their CSR interventions. They have contributed to filling the gap where governments have not been able to do enough. The scope of their CSR activities include provision of extension services, agricultural inputs; and potable water, educational, roads, electricity, markets and health infrastructure.

³ As at the time of conducting this study (2009), the exchange rate was ₦125 to the US Dollar.

Given the roles CBEs have been playing in rural infrastructural development in various communities, communities and their local institutions should collaborate and provide institutional support to the CBEs to facilitate the CSR interventions and reduce costs. This could be achieved through the framework of GMOU between the CBEs and the local institutions. This mode of delivering CSR is currently being used by some oil and gas companies operating in the Niger Delta.

The major sectors where development interventions are required are agriculture, education, health and potable water supply. The Nigeria Core Welfare Indicators study (National Bureau of Statistics, 2006) revealed that access to secondary and primary school in the rural areas of Nigeria was 37.5% and 71.9%, respectively. Similarly, access to health was 47.8% while access to Safe water source was 40% in the rural areas⁴. Therefore, CSR activities of CBEs will make more impact if they are directed at improving access to secondary school, health and safe water in the rural areas.

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⁴ Access is defined in terms of the facility being less than 30 minutes away from the household's residence.

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