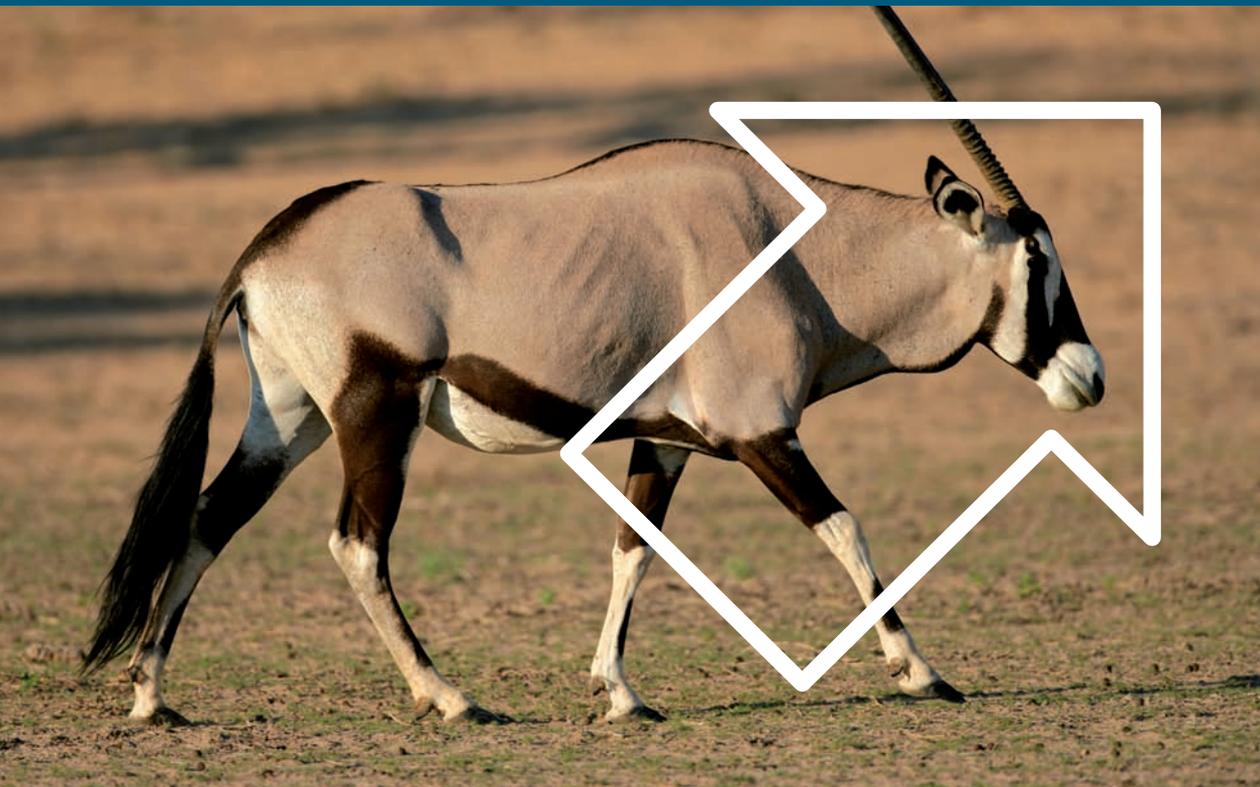


Creating sustainable value in the Kingdom of Saudi Arabia

Improving Corporate Social Responsibility
effectiveness in food chains



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Creating sustainable value in the Kingdom of Saudi Arabia

Improving Corporate Social Responsibility effectiveness in food chains

Koen Boone
Bart Doorneweert
Jan Willem van der Schans

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Boone, K., B. Doorneweert and J.W. van der Schans

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The interest in Corporate Social Responsibility (CSR) is mounting in the Kingdom of Saudi Arabia (KSA). This study looks into the possibilities for the National Commission for Wildlife Conservation and Development to take a leading role in developing the Saudi CSR agenda on nature and biodiversity. Suggestions are made for starting a pilot project on chemical use in agriculture and initiating a CSR platform for agribusiness in the KSA.

In Saudi-Arabië groeit de interesse voor maatschappelijk verantwoord ondernemen. In deze studie wordt gekeken naar de mogelijkheden voor de National Commission for Wildlife Conservation and Development (de Saudische Nationale Commissie voor de bescherming en ontwikkeling van fauna) om een leidende rol op zich te nemen in het ontwikkelen van de mvo-agenda rondom natuur en biodiversiteit. Er worden aanbeveling gedaan voor het opstarten van een pilotproject rondom het gebruik van chemicaliën in de landbouw en het initiëren van een mvo-platform voor Saudische agribusiness.

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Preface

It is always a privilege to work on issues such as Sustainability and Corporate Social Responsibility (CSR). This is especially the case when the research takes place in a dynamic part of the world such as the Gulf Region.

The project was initiated by the former Agricultural Councillor in Saudi Arabia, Gerard de Vent. We would like to thank him very much for the all the work that he did to make this project possible. His successor Philip de Jong, and his assistant Mohsen El Bahaie and Mohammed Al Sulayem of the NCWCD have greatly contributed to the results of this project. They did this not only by providing extensive knowledge about the Kingdom of Saudi Arabia and Saudi Agribusiness and biodiversity but also actively participated in the discussions that helped to form the results of the project. We would also like to thank all the interviewees who were so flexible in making time available for us on such a very short notice and who were very open in their answers. This greatly contributed to the success of the project.

The research activities were financed by the Dutch Ministry of Agriculture, Nature and Food Quality.



Prof Dr R.B.M. Huirne
Director General LEI Wageningen UR

Summary

This project was initiated by the Dutch Agricultural Councillor in Saudi Arabia and the National Cooperation for Wildlife Conservation and Development (NCWCD). The NCWCD is interested in investigating the potential of linking business in the Kingdom of Saudi Arabia (KSA) with biodiversity to help improve the state of nature in KSA and increase awareness on the issue. Particularly agribusiness has been set in the limelight, given the pervasive links between agribusiness activities, natural resources, nature conservation, and biodiversity. With this objective in mind, this report covers the following topics:

1. Determining the suitability of Corporate Social Responsibility (CSR) for the case of agribusiness in the KSA;
2. A sketch for a pilot project to allow the NCWCD to gain hands-on experience with CSR;
3. A strategy for increasing adoption of CSR with business in the KSA.

Companies in the Kingdom of Saudi Arabia are increasingly interested in the concept of CSR. The rate of CSR programmes appearing is increasing. These programmes predominantly centre around social issues. This is partly due to the historical and cultural background of involvement of Saudi companies with charitable initiatives and partly because there is limited awareness on the importance of other issues relevant to CSR, such as biodiversity and environment.

If CSR is to progress any further in the KSA, awareness will need to be raised on the various other relevant issues, which can be addressed through CSR. This requires expertise and practical examples on these issues. The requirement for awareness building entails a good opportunity for the NCWCD to increase the impact of its mission in promotion and conservation of nature and biodiversity in the KSA.

This study has looked into the possibilities for the NCWCD to take a leading role in developing the CSR agenda on nature and biodiversity in the KSA. Based on the research findings, this study advises the NCWCD to initiate a CSR pilot project on chemical use in agriculture. The use of chemicals has a direct impact on biodiversity and is also linked to consumer concerns on food safety. Also, this study proposes to set up a CSR platform to further develop the CSR agenda and eventually define production standards, which would support sustainable production and which are supported by the business community.

Samenvatting

Duurzame waardecreatie in Saudi-Arabië; Het verbeteren van de effectiviteit van maatschappelijk verantwoord ondernemen in voedselketens

Dit project is geïnitieerd door de Nederlandse landbouwattachee in Saudi-Arabië en de Saudische Nationale Commissie voor bescherming en ontwikkeling van natuur (NCWCD). De NCWCD is geïnteresseerd in het onderzoeken van de mogelijkheden om het bedrijfsleven meer bij de Saudische natuur te betrekken om op die manier de toestand van de natuur te verbeteren en de betrokkenheid van de Saudische bevolking bij dit onderwerp te vergroten. Met name de agrosector is hierbij interessant vanwege de directe interactie van deze sector met de natuur. Gegeven deze achtergrond zijn de volgende projectdoelen geformuleerd:

1. bepaal de toepasbaarheid van het concept maatschappelijk verantwoord ondernemen (mvo) voor de agrosector in Saudi-Arabië;
2. ontwikkel een pilot zodat de NCWCD praktische ervaring kan opdoen met mvo;
3. formuleer een strategie voor het versterken van mvo in het Saudische bedrijfsleven.

Mvo staat in de belangstelling in Saudi-Arabië. In toenemende mate worden er mvo-programma's opgezet door bedrijven. De inhoud van deze programma's wordt voornamelijk gevoed met sociale thema's. Deels komt dit door de historische en culturele achtergronden van Saudische bedrijven met betrekking tot charitatieve doelen in de maatschappij en deels doordat de Saudische gemeenschap zich weinig bewust is van andere thema's die relevant zijn voor mvo, zoals de natuur en biodiversiteit.

Wil mvo zich verder ontwikkelen in Saudi-Arabië, dan is het van groot belang dat het bewustzijn met betrekking tot de verschillende thema's die mvo behelst, wordt vergroot. Dit vraagt expertise en praktische voorbeelden van relevante maatschappelijke thema's waar mvo betrekking op kan hebben, anders dan alleen de sociale thema's. De behoefte aan versterking van het bewustzijn over deze onderwerpen, betekent een belangrijke kans voor de NCWCD. De NCWCD kan mvo inzetten om de impact van haar missie rondom het agenderen en het beschermen van de natuur en biodiversiteit in Saudi-Arabië te vergroten.

In de huidige studie zijn voor de NCWCD de mogelijkheden bekeken om een leidende rol op zich te nemen voor de ontwikkeling van het thema van natuur en biodiversiteit op de Saudische mvo-agenda. Op basis van de bevindingen in het onderzoek, wordt geadviseerd om een pilotproject te beginnen rondom het gebruik van chemicaliën in de landbouw. Dit thema is gekozen omdat het gebruik van chemicaliën een direct effect heeft op de biodiversiviteit en voor consumenten van belang kan zijn rond voedselveiligheid. Daarnaast wordt geadviseerd om een mvo-platform voor de agribusiness in te stellen om verder te bouwen aan de mvo-agenda en om standaarden te ontwikkelen voor duurzame productie die op draagvlak kunnen rekenen in het bedrijfsleven.

1 Introduction and project goals

1.1 Introduction

Corporate Social Responsibility (CSR) is a growing phenomenon amongst business organisations worldwide. CSR defines activities whereby business seeks to contribute to social progress (often also implying the environment) that goes beyond warranting shareholder interests. There is also a growing trend with business in linking CSR agendas to core-business activities. The business case that underlies CSR activities is that they should be considered as a long-run investments in the environment and society, which will result in long-term financial return. On top of the financial return, CSR can also entail reputational benefits for the firms involved.

Setting up meaningful CSR initiatives that are able to achieve what they propose to effectuate is complex. First, these initiatives need to target value creation for both the initiating company as well as society. Second, initiatives need to be coordinated with specialised Non-Governmental Organisations (NGOs), which can supply specific expertise regarding sustainability issues that are material to the company. At the same time, coordinating the development of CSR schemes together with the NGOs, with reference to their function as voice to social and environmental deficit, warrants embeddedness of the company's CSR initiative in public opinion and the values of society at large.

Since joining the World Trade Organisation in 2006, companies in the Kingdom of Saudi Arabia are increasingly integrating into the world market. Given that CSR is becoming a global development, companies in the Kingdom of Saudi Arabia (KSA) are following suite. The interest in CSR is notably present. The CSR seminars, organised by the Riyadh Chamber of Commerce (CoC), are well attended, and the rate of social initiatives undertaken by companies in the KSA is growing.

The CoC seminars have revealed that, although companies in the KSA are interested in engaging in CSR initiatives, there is still a substantial lack of expertise on starting up CSR programmes and a lack of awareness on the sustainability issues that are relevant to the KSA. This observation has prompted interest from the National Commission for Wildlife Conservation and Development (NCWCD) in CSR relating to their field of nature and biodiversity protection.

Currently, the NCWCD has quite successfully focussed on executing its own programmes and communications on nature conservation to the population of KSA. However, the NCWCD senses that its outreach has not realised its full potential yet. It is looking for novel strategies that will augment anchoring nature and biodiversity conservation values in society. The NCWCD sees a strategic fit between companies in the KSA engaging in CSR on the one hand, and the priority of nature and biodiversity conservation to society in the KSA on the other hand. The NCWCD is therefore searching for access to the business community and discussions on their CSR agenda. The Dutch Embassy was willing to support the NCWCD to start up these activities by providing two CSR experts from LEI, Wageningen University and Research Centre. On top of this, the Embassy assisted in setting up the contacts with relevant institutions and companies, providing local knowledge and proactively participating in workshops and discussions.

1.1.1 Purpose of the report

The NCWCD is interested in investigating the potential of linking business in the KSA with nature and biodiversity conservation to help improve the state of nature in KSA and increase awareness on the issue. Particularly agribusiness has been set in the limelight, given the pervasive links between agribusiness activities, natural resources, nature conservation, and biodiversity. Currently, the NCWCD's links with business in the KSA are not well developed. Through this project the NCWCD seeks an opening of relations. With this objective in mind, this report covers the following topics:

1. Determining the suitability of CSR for the case of agribusiness in the KSA;
2. A sketch for a pilot project to allow the NCWCD to gain hands-on experience with CSR;
3. A strategy for increasing adoption of CSR with business in the KSA.

1.1.2 Scope of research

The research for this report is limited to sustainability in nature and biodiversity issues in agribusiness. Currently, CSR in the KSA is not fully developed. A lot of social capital concerning CSR is yet to accrue. This does not imply that long-term objectives are irrelevant. The focus on quick wins is merely taken in order to demonstrate the inclusion of nature conservation in the CSR agenda in KSA within a time frame that can be overseen, and with a minimal risk of complica-

tions. To further reduce risk of complications, the identified issues should refrain from crossing over interdepartmental policy boundaries. Interdepartmental coordination between ministries will be essential for achieving big and complex sustainability goals in the long run. However, for the purpose of realising quick-win results, starting with interdepartmental coordination on the outset, would risk overburdening the objective of this research project. The identified sustainability issues should therefore (for the time being) not transgress the working field of the NCWCD into the domains which are occupied by existing government bodies, like the Ministry of Agriculture.

Lastly, it should be emphasised that it is not the realisation of sustainability itself that is the objective of the project. Rather, the main goal is raising awareness amongst key stakeholders, brought about through demonstrating the link between nature and biodiversity conservation, and CSR. Research activities should also ensure capacity building within NCWCD with regard to positioning its expertise and working in the field of CSR.

1.2 Goals

The main activities of this project were performed during two one-week missions to the KSA by the Dutch experts in November 2007 and November 2008. First, the team undertook activities to arrive at an overview of the state-of-the-art of CSR in the KSA and agribusiness in particular. This overview was obtained partially through a literature study, but mainly by conducting interviews and meetings with the main stakeholders (NCWCD, Dutch Embassy, Chamber of Commerce et cetera).

For reaching the project's goals the researchers:

- Gathered information about the KSA society in general and relevant institutions;
- Defined the state-of-the-art of CSR in the KSA and relevant stakeholders;
- Identified relevant sustainability issues in the KSA and the relation between agribusiness activities and nature/biodiversity;
- Spread knowledge about CSR among the NCWCD and other relevant institutions;
- Spread knowledge about CSR among agribusiness and assessed willingness to co-operate with NCWCD on nature/biodiversity conservation.

1.2.1 Method

The main method for reaching these goals consisted of:

1. Interviews with:
 - a) agribusiness companies in the KSA (Radwa Food, McDonald's, Arasco, Savola, Sadafco, Carrefour, Astra, Nadec, Al Rasheed);
 - b) stakeholders concerning agribusiness (Agricultural department Chamber of Commerce, Social Services department Chamber of Commerce, Tamkeen consultants, Estedamah consultants).

The interviews were semi-structured¹, with the possibility for interviewees to bring in other relevant subjects.

2. Seminars at the CoC of Riyadh, the NCWCD and Savola's office in Jeddah;
3. Intermediary presentations and discussions during the stay of the experts with the NCWCD and the Royal Dutch Embassy.

Interviews

The companies and stakeholders involved were selected in close cooperation between the Agricultural Counsellor at the Royal Dutch Embassy and the NCWCD.

Seminars

The seminars started with presentations on the following topics:

1. General principles behind CSR²;
2. CSR in practice in The Netherlands/Europe²;
3. Current status of CSR in the KSA.

The subjects, which were discussed during these gatherings, were:

- The most relevant sustainability subjects in the KSA and nature/biodiversity in particular;
- Examples of CSR activities;
- Promising case studies for co-operation between NCWCD and Saudi agribusiness on nature and biodiversity conservation.

¹ See Appendix 1 for the questions.

² The contents of these presentations can be found in Appendix 2.

In addition to the agribusiness companies, government officials and organisations dealing with sustainability issues (like the NCWCD) were invited to the seminars.

Presentations and discussions

The discussions were used to reflect on the current position and activities of the NCWCD in light of the experts' findings. Questions were asked, such as: In what kind of co-operation could the NCWCD be involved? What are best practices worldwide in involving agribusiness in biodiversity and nature conservation? What are the main issues in nature conservation in KSA?

2 CSR in Saudi agribusiness

2.1 CSR in the Kingdom of Saudi Arabia

Society in the KSA is guided by a long tradition of religious doctrine. This doctrine naturally fosters the objectives of CSR, namely in contributing to meaningful progress of society with respect for nature and for society's underprivileged. In terms of the fundamentals, CSR will thus root in fertile grounds. On top of that, agribusiness' contribution can also be regarded as an extension of public policy priorities to areas where the reach of government fails to grasp the issues due to weak enforcement, or due to inherent impossibilities for formulating regulation. Because Saudi companies hardly pay any taxes, they are even more so obliged to contribute to society. They cannot use arguments for deferring social responsibilities to government, based on their taxation, arguments which are sometimes used by companies in the West that operate under more burdensome tax regimes.

Several Saudi companies are currently involved in CSR initiatives. These initiatives are undertaken at two levels. At one level, companies can be seen to take stand-alone initiatives. At the second level, companies are involved in cross-company dialogue on CSR, for instance through the Chambers of Commerce of Riyadh and Jeddah. Next to this several consultancies work on CSR issues in KSA.

The most important and frequently recurring issue on the CSR agenda in the KSA is charity. The underlying motivation is that companies take on charitable activities out of a sense of religious duty. The charities mentioned in the interviews were, without exception, not linked to the companies' core business activities. Next to charity, social issues such as employee satisfaction, employability and local community building are high on the list of issues, while nature and biodiversity are not. The general public in the KSA is unaware of issues concerning nature and biodiversity.

In concept the scope of CSR applies to environmental and issues as well as social issues. On top of that, CSR programmes with a lasting impact are generally designed to fit in with companies' core activities, which is currently not the case with companies in the KSA. Awareness of this broader scope of CSR therefore needs to be raised with companies. SAGIA and Tamkeen are taking important steps towards this. They have initiated a research programme to look

into the CSR performance of the 40 largest and most influential companies in the KSA. They are using this research to compile a Competitiveness Index. The Index intends to underline that CSR provides business opportunities and that the Index can be used to improve the companies' competitive position.

2.1.1 CSR in Saudi Agribusiness

Agribusiness companies have a substantial impact on issues of nature and biodiversity, because these subjects are naturally tied to their business operations. CSR initiatives can therefore provide meaningful contributions to a more sustainable development of nature and to biodiversity. In contrast to this observation, the Saudi CSR agenda is currently mostly limited in scope to social issues. One of the strongest inhibitors for expanding the scope of CSR to other issues like nature and biodiversity is that the Saudi population is currently unaware and seems to have limited interest in these issues. Awareness campaigning amongst Saudi citizens on these issues will therefore be important.

2.2 NCWCD and CSR

The preceding chapter has revealed that there is a need in the KSA for awareness creation in relation to important societal issues and also for parties that facilitate the involvement of business to contribute in tackling these issues through CSR. Currently, however, there are no NGOs in the KSA which advocate the importance of nature and biodiversity within the corporate sphere. The premise of involving business in nature and biodiversity issues is therefore well-founded and a cause worth pursuing for the NCWCD.

Given the interest of the NCWCD in engaging with CSR, an assessment was made of the NCWCD's organisational capacity for taking the lead in shaping the CSR agenda in their field. This mounted to the following observations:

- Scientific knowledge for making apparent the relation between business activities and biodiversity and the environment is lacking;
- The NCWCD is currently understaffed for making a bid in CSR activities. First, there is only a single part-time position within the organisation available for developing the CSR field. Second, there is a lack of culture and skills for developing and implementing CSR programmes. These aspects are particularly important, because making the case of biodiversity and nature tractable to the common language of the business world is not a straightforward ex-

ercise of factual presentation. It requires an ability to relate with core functioning and speak in the terminology of business administration;

- There are no NGOs in the KSA which advocate the cause of nature and biodiversity, and no facilitators who can host discussions on these issues. Due to this practicality, the NCWCD finds itself in a dual position regarding the promotion of CSR. It functions both as facilitator for CSR development and advocate for nature and biodiversity. In light of the impartial position that a facilitator should have in the development CSR programmes, the NCWCD's current dual position runs the risk of creating a conflict of interest for the organisation. It would be advisable for the NCWCD to focus on advocacy and release its facilitating function in CSR to institutions that can provide this impartial function, for instance Government or the CoC.

Besides the issue of creating organisational capacity there is also the issue of lack of awareness on nature and biodiversity that NCWCD will need to overcome. Relative to the more commonplace issue of labour in the KSA, nature and biodiversity are abstract concepts. NCWCD therefore will need to warn for a limited impact when CSR is considered as a single-issue programme, and the overlooking of opportunities. The best remedy would be to seek out win-win projects to start off with.

3 Piloting a CSR programme

3.1 The need for a case in point

Starting up with CSR activities on biodiversity in Saudi agribusiness is a complex and long process, both for Saudi businesses and for the NCWCD. Therefore we advise to start with a practical down-to-earth case, which could provide an inspiration and a role model for future activities. This case would need to be limited in set-up to prevent the process from stagnating due to complexity. It should potentially lead to quick wins and provide a proof of the principle. It is easier to convince companies and stakeholders that CSR is a relevant concept by showing the results of a concrete example than by explaining the concept in abstract terms. Besides this, learning-by-doing is the best way for all parties involved to get familiar with the workings of CSR.

This chapter presents a suitable case for the pilot and suggests a roadmap towards implementation of the pilot. As a reflection on the guidelines mentioned above, this chapter will also briefly mention the suggestions that did not pass the bar, and the motivation for dismissing them as an option.

3.1.1 The winning pilot idea

Decreasing the use of chemicals in agriculture seems to be the most promising case. The following arguments lead to the selection of this issue:

- There is a large distribution between farms in their use of chemicals. This implies that a lot can be gained from disseminating best practices, which are already carried out by existing farms in the KSA;
- Chemical use has a direct and profound impact on biodiversity, notably on birds;
- Reducing chemical use also entails economising on inputs for production. Reduction therefore functions as a double-edged sword;
- The issue of chemical use directly relates to consumer concerns about food safety;
- Lastly, the issue of chemical-use requires access to expertise, which, for a substantial part, is available with the NCWCD. This puts the NCWCD in a strategically advantageous position to take the lead in the pilot and provides the opportunity to promote its ambitions.

3.1.2 Ideas to be considered in the follow-up to the pilot

In the selection process for the idea which was adopted for the pilot, a couple of other ideas were reviewed. These ideas were not fitting for the purposes of the pilot. However, these ideas did provide very relevant issues for CSR in agri-business in the KSA. They could be considered as new issues for further exploration, and which could be developed for the CSR agenda in future. The following ideas were worth mentioning:

- *Donations to charitable initiatives (for making documentaries/guidebooks on environment or cleaning the desert with children)*
There is however no clear business case for companies to be involved, and it is not connected to their core business;
- *Overgrazing*
Socially very complicated as there is a lot of discussion whether overgrazing is predominantly caused by traditional nomadic tribes. On top of that, this falls within the policy field of the MoA;
- *Water scarcity and pollution*
This is a very relevant issue to the KSA, but is it also a very challenging case. Also, this issue would fall within the policy field of the Ministry of Water;
- *Litter (plastic bags) in the desert*
A compelling idea, but difficult for arguing a business case;
- *Labelling of biodiversity-friendly products with the NCWCD logo*
The difficulty of this idea is that it depends on familiarity of consumers with the NCWCD. Unfortunately this is not the case at the moment. The question is also whether NCWCD would be the most suitable organisation for promoting such a label, as it is closely affiliated with Government;
- *Turtle-tagging in the Red Sea*
The turtle is an icon of biodiversity for the Red Sea. The business case which would underlie this idea is however less distinct.

3.2 Organisation and implementation of the pilot

In working on reduction of chemical use, it is tempting to focus the problem on the farm level. That would, however, limit the use of particular knowledge resources on chemical use and organisational capacities, which are available in other segments of the agricultural production chain. Suppliers of chemicals

have expertise available on responsible use, processors commonly provide extension services to farmers, and retailers can influence consumer demand for healthy products, produced with minimal use of chemicals. There is scope for mobilising these resources and capacities, as the business case is obvious for all chain participants. Input suppliers can position themselves for a future market using environmentally friendly chemicals and biological alternatives; processors and retailers can profit from the reputation benefits which their involvement would bring, and, lastly, the farmer can reduce production costs. CSR programmes around chemical use would thus best perform when it would be taken up integrally throughout the agricultural production chain.

When considering the implementation of the project, the organisation could be broken down into 6 steps, namely:

1. A quick-scan of chemical-use in agricultural and (a prioritisation of) its effects on biodiversity in the KSA;
2. Selecting and inviting relevant companies to participate in the project;
3. Defining sustainable alternatives for current practices in chemical use;
4. Development of company-specific chemical use reduction plans in cooperation with extension services. This coincides with performing the baseline measurement of chemical use;
5. Implementation of plans and working on continuous improvement;
6. Performance assessment and evaluation of the pilot.

In The Netherlands similar initiatives have led to a reduction of environmental pollution caused by pesticides and herbicides by as much as 90% over the last 20 years. Wageningen UR has provided pivotal guidance in these initiatives by providing the necessary research into these environmental problems and in working out solutions for implementation.

3.3 The CSR platform

Although this report advises to start with a pilot study, increasing the effectiveness of CSR requires a more structural form of co-operation. Up till now, the pilot has been presented as a stand-alone initiative, to be executed by several supply-chain partners. In order to provide a seeding ground for expanding on the principle of the pilot, it will need to be embedded within the larger social context. To this end, the pilot can best be put on a platform. This platform can catalyse dissemination the pilot's principles in two ways. First it can attract the

interest of new parties, who are contemplating to join. This could be from both governmental, as well as non-governmental and business organisations. The platform will provide the opportunity for the NCWCD to liaise with other governmental departments and the business community at large. Second, the platform will create interaction between participants and will function as a locus for exchange of experiences and best-practices, effectuating the principle of learning-by-doing.

Currently the support-base for the concept of CSR with Saudi companies is broader than specifically for the issue of biodiversity. Narrowing down the platform's focus to biodiversity might risk missing interest from companies that are on the outset interested in CSR. For the process of CSR development it would be best to take on a wide scope on CSR for the platform, rather than dedicating the platform specifically to the issue of biodiversity. What would be advisable in terms of limitations to the scope of the platform however, is to initially restrict participation to agribusiness companies. That way, the platform will stay in focus during the commissioning phase of its existence. Also, agribusiness companies more easily understand the reasoning of other agribusiness companies, which will help in creating a common language regarding CSR.

The platform should take a modest start. A small office would suffice for organising the various activities which are required for start-up, such as organising seminars, inviting speakers, building a website. Given that ownership of the platform initiative should lie with the business community, it would be advisable not to locate this office under the wing of Government. The agricultural department with the CoC would be a better candidate for this role.

Eventually the platform can further develop the CSR agenda, continuing the process where the pilot will leave off. The platform can be used for a number of purposes. Its most important function will lie in mainstreaming CSR in the business community, i.e. involving more companies and turning CSR to standard practice. Mainstreaming also entails welding CSR into companies' core business strategies. This will require awareness building of CSR with companies' decision makers. The platform provides an excellent opportunity to interact with actors at that level and to supply them with practical business cases.

Another important future function of the platform will be to build consensus on minimum standards for CSR issues which have been developed. These minimum standards can push what on the outset are voluntary production standards, to the standard of production. Next to consensus on minimum standards, the platform can also be used for expanding the number of nature and biodiversity-related issues which can be put on the CSR agenda. Together, minimum

standards and a comprehensive CSR agenda are the realisation of what CSR sets out to do, namely to transform the fundament of business as it currently is, to a more inclusive and sustainable form.

4 Conclusions and recommendations

4.1 Conclusions

Interest in CSR is mounting with Saudi business. Mostly social issues are at the centre of attention. There is currently a lack of awareness of issues of nature and biodiversity, both within the business community and with the wider population. This implies there is a definite need for an advocacy group that can promote the issue of nature and biodiversity within the KSA's CSR agenda. The NCWCD can be a very suitable organisation for taking on this role, provided it:

- builds institutional capacity for engaging with the business world in CSR, and increases the number of staff which can be dedicated to work on this objective;
- gathers more scientific knowledge on the interaction between business and biodiversity;
- co-operates with other ministries to develop CSR in general.

To build the case for biodiversity in the CSR agenda, it is highly recommended to initiate a pilot project on nature and biodiversity. As a result of discussions on the specific issue which could form the centrepiece of the project, chemical use in agriculture turned out to be a suitable issue to adopt. A road-map was set up for implementation of the pilot.

Lastly, it was recommended to embed the pilot programme within the wider context of a platform for CSR. This would warrant dissemination of the pilot's results and increase the prospect for further development of the CSR agenda in the KSA, involving more companies from within agribusiness, other business sectors, and government. It would be a strategic platform for NCWCD to liaise with stakeholders that are currently out of reach.

4.2 Recommendations

One of the major impediments which were identified for the NCWCD concerns capacity development. There are some concrete actions that the NCWCD can take to start building its organisational capacity. In terms of improving its staff's skills on CSR, it could be valuable to link up with organisations such as the

World Wildlife Fund or comparable partnership-oriented organisations. These organisations generally provide courses on CSR. In some cases it could be possible to organise exchange of staff. As a supplement to building capacity with existing staff, the NCWCD could also solicit for CSR-competent people for recruitment in the organisation.

Another avenue which the NCWCD could pursue, is linking up with the international CSR community. The NCWCD could consider participating in the new activities on CSR in the International Union for the Conservation of Nature, for getting in touch with like-minded organisations. Access to such platforms could also provide interesting and relevant cases from all over the world. These ideas can be used for expanding the issue of biodiversity on the CSR agenda in the KSA.

The Royal Dutch Embassy has played a pivotal role in developing the idea of linking biodiversity with CSR in the KSA. The process has now come to a point where ownership needs to be transferred to domestic institutions. A good occasion for this transfer could be arranged through organising and opening the first session of the CSR platform. Saudi companies would be invited to present their CSR programmes. LEI could continue its guiding role in the process by contributing to the organisation of the seminar and by presenting the results of this research. After the seminar, the Embassy could remain involved on the sidelines, for instance through thinking of solutions, should the process encounter problems.

Another future role for the Embassy which was discussed was to continue its role as promoter of CSR in the KSA. This could be effectuated for instance through exposure visits between the KSA and The Netherlands, or taking up the issue of CSR in other technical co-operation projects. The Embassy could also promote projects through the dissemination of their experiences from this project with other (non-agricultural) sectors and embassies, through policy briefs, presentations, and the website. Lastly, the Embassy could promote CSR by founding a recurring CSR award for the best-performing company as recognition for and encouragement of good achievements. The award could be determined on the basis of performance, through for instance the Tamkeen Competitiveness Index, or on the basis of encouragement rationale for innovation in CSR.

CSR is a promising but not an easy concept to bring into practice. LEI Wageningen University and Research Centre has much experience with implementation of CSR within companies and setting up co-operation between different stakeholders. LEI is very willing and interested to work together on

implementing the recommendations of this study concerning both the pilot and the platform.

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IUCN (2008) Report Private sector Knowledge network brainstorm meeting.

NCWCD; First Saudi Arabian national report on the convention of biological diversity.

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Appendix 1

List of questions for interviews

- A. Introduction of project and current project plan
 - B. Introduction of activities company
-
1. Are you familiar with CSR?
If yes, what does it mean to you.
If no, give a general introduction on CSR.

 2. Do you think your company should be involved in CSR and why?

 3. Do you think there is a business case for CSR and how?

 4. What are in your opinion the main sustainability issues in Agribusiness in KSA?
If low response, come up with suggestions.

 5. Is your thinking about CSR different from other companies that you know?
How? What is the general opinion?

 6. a. Do you think that the following groups will take your CSR profile into account while making decisions?
 - Consumers/customers in the supply chain.
 - Government.
 - NGOs or organisations involved in sustainability issues.
 - Investors.

6. b. Is there a difference on export markets (Gulf region, versus rest of the world)?
If you have a business relation with a company from the Western world, does that influence your CSR profile?

7. What are your current CSR activities?
 - Themes.
 - Processes (ISO 14001, transparency).

8. Do you have a CSR strategy and/or coordinator?

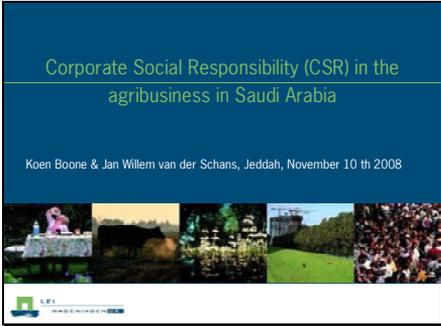
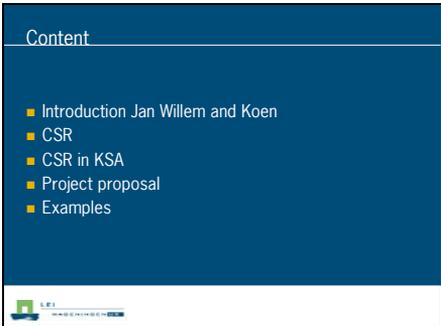
9. Would you like to be involved in future project activities?
 - Co-operation with NCWCD.
 - Meetings with groups of companies to exchange views.
 - Meetings with experts on sustainability issues and CSR.

10. What are the main obstacles for adoption of CSR in KSA?

11. What would be important to do to stimulate adoption of CSR?
 - Government.
 - Project.
 - Other.

Appendix 2

Presentation on the principles of CSR and examples from The Netherlands and the EU

Slide 1	 <p>Corporate Social Responsibility (CSR) in the agribusiness in Saudi Arabia</p> <p>Koen Boone & Jan Willem van der Schans, Jeddah, November 10 th 2008</p>
Slide 2	 <p>Content</p> <ul style="list-style-type: none">■ Introduction Jan Willem and Koen■ CSR■ CSR in KSA■ Project proposal■ Examples

Slide 3

Introduction

Koen

- Business economist (Ma)
- 13 years working for the agricultural economic research institute (LEI)
- Specific expertise on measurement on CSR

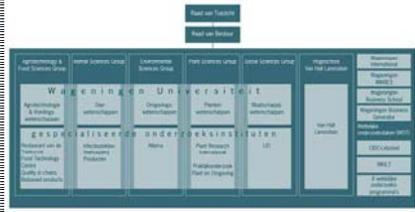
Jan Willem

- Business economist (Ph D)
- 10 years LEI
- Specific expertise on strategic management and CSR



Slide 4

Wageningen University and Research Centre



The organizational chart shows the hierarchy of Wageningen University and Research Centre. At the top are the Board of Trustees and the Board of Rectors. Below them are several departments: Agricultural & Food Systems Science, Animal Sciences Unit, International Business Unit, Plant Sciences Unit, and Social Sciences Unit. Each department has a list of research areas or sub-units. For example, Agricultural & Food Systems Science includes Food Safety and Food Quality, Food Technology, and Food Systems. The chart also includes a section for Wageningen UR, which is divided into Wageningen University and Wageningen Research.



Slide 5

Why CSR?

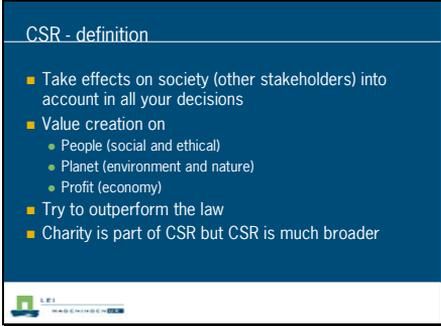
Sustainability: "meet the needs of the present without compromising the ability of future generations to meet their own needs" Brundtland UN report 1987

Why involve companies?

- Government has limited influence on (international) companies
- Companies have specific knowledge and/or are well resourced
- Companies have large impact on sustainability
- Role of companies under societal scrutiny: licence to operate
- Government policy takes time and is never complete
- Private governance is flexible, adaptive, tailored, practical

Strong thumbs -> sensitive fingers



<p>Slide 6</p>	 <p>Modes of governance</p> <ul style="list-style-type: none"> ■ Direct regulation <ul style="list-style-type: none"> ● Rules ● Laws ● Zoning ■ Indirect regulation <ul style="list-style-type: none"> ● CSR ● Public private agreements ● Certification ● Codes of conduct <p><small>LEI</small></p>
<p>Slide 7</p>	 <p>CSR - definition</p> <ul style="list-style-type: none"> ■ Take effects on society (other stakeholders) into account in all your decisions ■ Value creation on <ul style="list-style-type: none"> ● People (social and ethical) ● Planet (environment and nature) ● Profit (economy) ■ Try to outperform the law ■ Charity is part of CSR but CSR is much broader <p><small>LEI</small></p>
<p>Slide 8</p>	 <p>Forms of CSR</p> <ul style="list-style-type: none"> ■ Value driven entrepreneurship ■ Enlightened self-interest <ul style="list-style-type: none"> ● Cost savings ● Risk management ● Reputation (towards employees, government, banks) ● New business opportunities (hard to imitate competitive advantage) ■ Corporate citizenship (stakeholder driven) <p><small>LEI</small></p>

<p>Slide 9</p>	<div data-bbox="442 201 883 530"> <h3>CSR success factors</h3> <ul style="list-style-type: none"> ■ Create win-win situations: positive effects for society and profitability companies ■ Activities close to core business of companies have highest impact (TPG) <ul style="list-style-type: none"> ● Companies have expertise on these activities ● Companies have high impact ■ Integrate sustainability thinking in all processes  </div>
<p>Slide 10</p>	<div data-bbox="442 575 883 904"> <h3>Project CSR in agribusiness KSA</h3> <ul style="list-style-type: none"> ■ Initiative of Dutch Embassy (MoA) and NCWCD ■ Start November 2007 ■ Long term goal: Integrate sustainability in strategies of agribusiness in KSA ■ Goal this project: <ul style="list-style-type: none"> ● Introduce CSR and taking stock of current CSR activities ● Develop ideas for co-operation between agribusiness and NCWCD on nature conservation  </div>
<p>Slide 11</p>	<div data-bbox="442 949 883 1278"> <h3>Sustainability subjects in KSA</h3> <p>Research on 100 largest companies in KSA:</p> <ul style="list-style-type: none"> ■ Training and education ■ Employment/Saudisation ■ Environment <ul style="list-style-type: none"> ● Water use and contamination ● Pollution ■ Women in workforce ■ Health and safety ■ Behavior and attitudes  </div>

Slide 12

Marine Stewardship Council



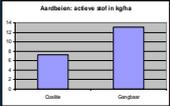
- Co-operation Unilever and World Wildlife Fund (WWF)
- Develop standards for sustainable fishing
- Products that fulfill standards get MSC logo
- Standard open to other companies



Slide 13

Sustainability in Retail

- Co-operation Laurus, SNM, Oxfam Novib
- Improve sustainability of fresh categories
- Grocery and fruits coalition
 - Identify best practices pesticides use
 - Participation of Greenery and 60 growers



Category	Active Soil in Light
Cultiva	~4
Cultivator	~10



Slide 14

Weerribben Dairy

- Organic farmer very close to nature reserve
- Develop own brand of dairy products
- Regional origin coupled with artisanal recipe



LEI develops economic expertise for government bodies and industry in the field of food, agriculture and the natural environment. By means of independent research, LEI offers its customers a solid basis for socially and strategically justifiable policy choices.

LEI is part of Wageningen University and Research Centre, forming the Social Sciences Group with the department of Social Sciences.

More information: www.lei.wur.nl

