Nigeria Agip Oil Company Limited (NAOC)

Stakeholder Alliance for Corporate Accountability (SACA)

submission to

the United Nation Working Group on Business and Human Rights

Project “Business in conflict and post-conflict contexts”

May 5, 2020
Glossary of terms, abbreviation and acronyms

ADR: Alternative Dispute Resolution

EES: Environmental Evaluation Studies

EIA: Environmental Impact Assessment

EES: Environmental Evaluation Studies

ESHIA: Environmental Social Health Impact Assessment

GMOU: Global Memorandum of Understanding

GSA: Government Security Agency

JTF: Joint Task Force

LOCAL CONTENT: Added value brought to a host nation (or region or locality) through i) Workforce development: employment of local workforce, and training of local workforce; ii) Investment in supplier development: developing supplies and services locally, and procuring supplies and services locally.

MOU: Memorandum of Understanding

NAOC: Nigerian Agip Oil Company Limited, Eni SpA subsidiary in Nigeria

NDDC: Niger Delta Development Commission

NSDC: Nigerian Security and Civil Defense Corps

SACA: Stakeholder Alliance for Corporate Accountability, an NGO operating in Niger Delta communities

SPDC: Shell Petroleum Development Company

UNGP: United Nations Guiding Principles on Business and Human Rights

VPSHR: Voluntary Principles on Security and Human Rights
UN WORKING GROUP ON BUSINESS AND HUMAN RIGHTS

Project “Business in conflict and post-conflict contexts”¹

1. The Project:

The Project was launched by the UN Working Group in 2018, with the aim of promoting the implementation of the UNGPs in conflict and post-conflict contexts. The objective is to identify policies and practices for States and business across the full “conflict cycle” and the three “Protect, Respect and Remedy” pillars of the UNGPs.

The UNGPs, unanimously endorsed by the Human Rights Council in 2011, represent the first authoritative standard to define the corporate responsibility to respect human rights. According to these principles, business enterprises should conduct a Human Rights Due Diligence process, in order to identify, prevent, mitigate and account for how they address impacts on human rights.

In conflict and post-conflict countries, due to the increased risks of being involved in human rights violations, the UNGPs require business enterprises to conduct an “enhanced” and “robust” Human Rights Due Diligence. However, there is no clear definition on what this process should mean in practice.

The Project represents an opportunity to collect cases and best practices (but also challenges and gaps) that may contribute to advance the debate and knowledge on this issue and to develop evidence-based guidance on the practical measures that actors should take to prevent and address business-related human rights abuse.

Against this background, NAOC, Eni SpA subsidiary operating oil & gas production in the Niger Delta environment since 1962 and SACA, an NGO operating in Bayelsa State of Niger Delta and focusing on environment, human rights and sustainable economic development promotion, in an effort to share their views of the problems and the possible solutions in the context of Niger Delta, tried to open a transparent dialogue and share their mutual experiences in the State of Bayelsa.

The results of these discussions led to this submission where both entities share their perspectives, the activities they are carrying out in the territory and the joint proposals and recommendations to improve the situation in the future.

2. The Context:

In the Niger Delta the conflict evolved in the last 60 years from the civil war for Biafra independence, through political agitations/protests of the Ogoni and Ijaw, to the violent armed resistance/militancy of MEND and finally to the “business” of illegal oil bunkering and refining.²

Currently the conflict is less intense than in the past, however host communities still have frequently an hostile disposition towards Oil & Gas companies and the Federal Government, in a very volatile environment.

¹ https://www.ohchr.org/EN/Issues/Business/Pages/ConflictPostConflict.aspx
² As for crude oil theft and illegal bunkering, “[...] the best available data suggest that an average of 100,000 b/d vanished from onshore, swamp and shallow-water areas in the first quarter of 2013”, see Christina Katsouris and Aaron Sayne, Nigeria’s Criminal Crude: International Options to Combat the Export of Stolen Oil, Chatham House, September 2013, p.15.
3. The Proponents:

NAOC
Nigerian Agip Oil Company Limited (NAOC) is a subsidiary of Eni S.p.A in Nigeria, carrying on the business of oil and gas exploration and production in the Niger Delta area of Nigeria. The company as operator has been operating in the land and swamp areas of the Niger Delta region of Nigeria since 60s, under a joint venture agreement between Nigerian National Petroleum Corporation (NNPC) (60% interest), NAOC (20%) and Oando Oil Limited (20%). The company’s concessions lie within Bayelsa, Delta, Imo and Rivers states and covers an area of 5,313 sq. km comprising of four blocks – Oil Mining Leases (OML) 60, 61, 62 and 63. The company’s operations include processing facilities, gas plants, flow stations, flow lines/pipelines, an independent power plant and a terminal and involve at least three hundred and fifty communities.

SACA
Stakeholder Alliance for Corporate Accountability (SACA) is a non-governmental organization founded in 2012 by Fr. Kevin O’Hara, an Irish missionary, to advocate for transparency and best practices among the multinational oil companies operating in Bayelsa State, with regards to the environment, human rights and sustainable community development.

SACA’s core area of operation is monitoring and reporting on how multinational oil companies operating in the Niger Delta implement their social responsibility policies with regard to transparency in environmental standards, sustainable community development; and non-violent ways of conflict resolution, either with the oil companies or among communities themselves, by using alternative dispute resolution mechanisms (ADR). SACA monitors oil spills and their clean-up, and work with community stakeholders to ensure fair and transparent Joint Investigation Visit (JIV) is carried out to determine the cause of oil spills. The NGO also works with the Government regulatory agencies and their partners.

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3 The Spill Incident data is a log for recording information on oil spill incidents, based on the Joint Investigation Visit findings. Joint Investigation Visits (JIV) are conducted by teams comprises of NAOC, Department of Petroleum Resources (DPR), National Oil Spill Detection and Response Agency (NOSDRA), State Ministry of Environment (SMENV) & Community representatives. The JIV team visits the incident site to confirm the cause of spill through visual observation and Ultrasonic Thickness Measurements (UTM), and to determine the quantity of oil spilled through quantitative assessment which normally includes the extension of area impacted and the depth of oil, as well as porosity of soil (when applicable). https://www.eni.com/en_NG/health-safety-environment/environment/response-oil-spill.page
4. Human Rights context in Bayelsa State

Most of the adverse conditions that generate negative impacts on communities’ human rights (environmental pollution, criminal economy and militarization) in Bayelsa, originates from context-specific root causes.

Situations such as youth and community claims for unemployment, unequal distribution of the resources and the lack of basic services trigger many of the causes and the conditions producing conflict and human rights negative impacts, both occurred and potential. The table below shows these causal nexus between root causes and human rights impacts:

<table>
<thead>
<tr>
<th>ROOT CAUSES</th>
<th>PRIMARY CAUSES</th>
<th>ADVERSE CONDITIONS</th>
<th>HUMAN RIGHTS NEGATIVE IMPACTS (OCCURRED OR POTENTIAL)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Youth and Community Claims for Unemployment</td>
<td>- Pipeline vandalism and sabotage</td>
<td>Environmental Pollution</td>
<td>Health, livelihoods, availability of quality water.</td>
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<tr>
<td></td>
<td>- Bunkering (95% of Oil Spills in Niger Delta)⁴</td>
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<td>- Oil theft and illegal refineries</td>
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<tr>
<td>Unequal redistribution of resources and Lack of basic services</td>
<td></td>
<td>Criminal Economy</td>
<td>Weakened economic, social and cultural rights of the Niger Delta communities.</td>
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<tr>
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<td></td>
<td>Militarization/Security</td>
<td>Collateral consequences for civilians during military operation against militant groups and criminal gangs.</td>
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</tbody>
</table>

Against this background, much attention has received the problem of the oil spills. For a long time, the issue has been isolated and detached from the economic-social context, focusing on operational practices of oil companies only. This approach has impeded a comprehensive understanding of the issue. NAOC, on its side, has always had a broader perspective and has tried to manage the issue taking into consideration economic-social hurdles, military activities and other complexities of the Niger Delta.

⁴ This percentage refers to 2019’s survey. In the last five years, it has been recorded that approximately 91% (volumes) of the oil spill is due to bunkering activities, 9% of them are operational. As far as 2019 is concerned, about 95% (volumes) of the oil spills are due to bunkering activities, 5% of them are operational. NAOC has implemented specific procedures and measures (Further details on the procedure): asset integrity strategies, increase maintenance activities, revamping, and strengthening of electronic control systems on the pipelines e-VPMS (Vibro Pipeline Monitoring System).
5. Management of human rights negative impacts and related actions:

Over the course of time, negative impacts on human rights have been managed by the actors in the area (the Government, the Local Authorities, the Civil Society Organizations/NGOs and the companies operating in the territory) through the implementation of several initiatives. The adoption of these initiatives has allowed to develop effective approaches and scalable best practices. A high level description of the actions taken so far (and currently in place) by the proponents is drawn in the table below:

<table>
<thead>
<tr>
<th>ADVERSE CONDITIONS AND HUMAN RIGHTS NEGATIVE IMPACTS</th>
<th>PROPONENTS’ INITIATIVES IN PLACE</th>
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<tbody>
<tr>
<td></td>
<td>NAOC</td>
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<tr>
<td>Environmental Pollution (health, livelihoods, availability of quality water)</td>
<td>Initiatives to prevent and respond to incidents causing environmental pollution</td>
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<td></td>
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<td></td>
<td>MoU and GMOU with the host communities</td>
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<td></td>
<td>Social Initiatives in favour of communities</td>
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<td></td>
<td>Stakeholders engagement</td>
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<td>Local Content</td>
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<tr>
<td>Criminal Economy (Weakened economic, social and cultural rights of the Niger Delta communities)</td>
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<tr>
<td>Militarization (Collateral consequences for civilians during military operation against militant groups and criminal gangs)</td>
<td>Involvement of the communities in the surveillance contract</td>
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<td></td>
<td>Initiatives to improve human right awareness in security activities</td>
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</tbody>
</table>

A detailed description of the activities carried out by the Proponents is attached to this document (see annexes I and II).

6. Effectiveness: limitations of individual approaches

Notwithstanding the positive impacts realized through the activities and initiatives adopted, the implemented measures have been partially effective, because they did not ensure – in the long term – an overall and definitive resolution of the adverse conditions above described.

As shown in the previous table, circumstances that are external and independent from companies’ behaviour may indeed have a decisive contribution to those adverse conditions favouring the occurrence of negative human rights impacts.
Oil represents the main source of income and the primary economy in the area. However, country’s fragile context, lack of economic options, under-employment and youth claims have led - within this primary economy - to the development of “alternative economies”: illegality and security.

Illegal activities, such as bunkering, generate environmental and human rights impacts.

At the same time, the proliferation of security related activities – which have potential impacts on human rights – are constantly fed by the illegal activities.

Besides, the risk that the security turns into an economic resource for community is particularly high and has the potential of solidifying the chain (root cause, primary causes and adverse impacts), resulting in negative human rights impacts.

Such a context has a decisive influence on both the frequency and risk level of human rights negative impacts and, above all, it is mainly due to the mere company presence in the territory rather than to the specific activities it carries out.

As highlighted earlier, in case of conflict and post-conflict countries, the UNGPs state that the human rights due diligence that companies are required to adopt should be “enhanced”, but what this concept means in practice is not always clear.

NAOC established a due diligence process that is applied to its most exposed processes, in line with the framework proposed by the UNGPs and grounded on its human rights salient issues identified in 2018.

However, in critical situations such as in the Nigerian context, a due diligence process may not be enough.

Although several guidance, tools and initiatives highlight the role of States in supporting companies with operations in conflict contexts and put emphasis on the importance of a constructive engagement with NGOs or CSOs, such collaborative approaches are often used with regard to the information collection only. While, even when collaborative approaches are suggested for addressing potential and actual impacts, the adoption of eventual mitigating and/or preventive measures is often an exclusive company’s attribution and choice.

Indeed, aware of the limitations embedded in an individual approach, the Proponents, NAOC and SACA have joined together to propose the following initiative.

7. The proposals

The project proposes a series of actions that involve all the stakeholders necessary to address the root causes of local communities’ adverse conditions and create a nourishing synergy for an economy of peace.

In light of the considerations above, an “enhanced” due diligence may be conceived as a process that takes into consideration not just company’s activities, but mostly the context wherein it operates: the company might consider in this way its contribution firstly in terms of its mere presence on the territory and, secondly, considering its operational activities.

Furthermore, the process might be “enhanced” also by adopting an inclusive approach, not only at the beginning of the process, but also while defining the concrete actions to put in place. In fact, the adoption of preventive and mitigating measures cannot rely only on the company itself (as usually is), but must consider a broader spectrum of actors, such as Government Institutions, NGOs, civil society organizations.
In line with this, the main objective of this proposal is to **move to a multi-stakeholder engagement finalized at supporting local development.**

The actions recommended:

**A. To establish, within a Public Private Partnership model, utility service companies to generate employment**

Following a similar strategy to the one presented for economic empowerment, the parties could also work together in establishing Utility Service Companies (USC) at community or Local Government level, directly responsible for providing local communities with basic services – such as electricity distribution, water supply and waste management. To ensure their ownership at the local level and long-term sustainability, the USC governance and management could fall under the responsibility of a board of directors gathering representatives from the oil company and other private sector actors; the Government; and the civil society. In the early stages, the USC could be registered as a private companies, as set forth in the Nigerian legal framework; yet later on, they might evolve into a cooperative structure, where residential or commercial users are offered to become shareholders – and therefore, pay a lower price for services or get a dividend share at the end of the financial year.

**B. To promote an Environmental Awareness Campaign** that aims at wide spreading a message in particular to the Niger Delta youth, pupils in the schools and Women Associations - about the consequences of oil spills and illegal refineries to the environment in the communities. The objective will be to sensitize youth in Imo, Delta, Bayelsa, Rivers States on environmental degradation caused by oil theft and illegal refineries and, particularly, to reduce the involvement of youth in illegal activities and engage them in a proactive way as positive leaders of their communities.

**C. To promote, disseminate and encourage the adoption of Alternative Dispute Resolution (ADR),** to resolve existing and emerging oil-based conflicts within communities, and conflicts between community youths and security personnel who are securing oil and gas facilities/operations in their communities.

**D. To move resources from security to economic empowerment projects:** Security is strictly linked with the local communities’ living conditions; if employment opportunities were available locally, individuals, and youth in particular, would be less likely to undertake criminal activities to cater for a living. So far, many initiatives are undertaken by NAOC, as described before, but seem still insufficient to address the root causes. The collaboration with State Government to create employment, in initiatives like the first one (A), and to ensure a reduction of the security risks and incidents in the state, would allow, in the medium run, to reallocate further financial resources from security-related expenses to the promotion of local development, in a virtuous development circle. Also, the strengthening of high value-added and labour intensive agricultural value-chains, by building on the experience of the NAOC Green River Project⁵ would create value-addition schemes that will elicit community cooperation to resist third party interference on oil facilities.

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⁵ The Green River Project is an initiative launched by NAOC and the Government to support small-scale farmers in the Niger Delta, through the provision of inputs and technical assistance for the production of selected crops and other activities, e.g. aquaculture)
Annex I – NAOC initiatives

Despite the critical context described above, NAOC has been maintaining its operations along years and it has developed an effective approach centred on the needs of the host and transitional communities/stakeholders in the areas, finding a balance between such needs and operational constraints and - at the same time - implementing policies to maintain respect for human rights. Here below the actions taken by NAOC to prevent and mitigate impacts are described more in detail.

NAOC initiatives to prevent and respond to incidents causing environmental pollution

*Environmental pollution has a direct consequence on health, livelihoods, availability of quality water.*

NAOC is committed to strengthening control and monitoring its activities in order to mitigate impacts on the environment.

NAOC response to oil spill incidents is carried out in line with Nigerian laws/regulations (NOSDRA Act, DPR’s EGASPIN 2018), as well as with international standards. NAOC has an Oil Spill Contingency Plan (OSCP), developed in line with guiding regulations/standards to guide response to all spill events. This OSCP foresees specific steps: a prompt spill incidents verification and consequent reporting to government regulators; interruption/control of the spill from source/containment in order to prevent further spread; conduct a JIV (Joint Inspection Visit) with stakeholders (government regulators, community reps and company); spill recovery and clean up; execution of a Post Clean up Inspection (PCI) with stakeholders release of the certification of cleaning proven by soil sampling, in case there are exceeded of the limits prescribed according to current regulations (EGASPIN 2018) we proceed with the remediation of the impacted area.

In addition, NAOC carries out ESHIA or EIA, for new project proposals to proactively identify potential project impacts from a physical, socioeconomic, health and environmental point of view, to analyse/evaluate these impacts and proffer adequate mitigating measures. These studies also produce Environmental Management Plans (EMP), to guide the implementation of all mitigating measures and monitoring the outcome of their implementation. NAOC has been consistent in implementing the EIA/ESHIA as an environmental management tool, as statutorily required.

EES are also carried out for existing facilities, in order to evaluate their actual impacts on the environment where they are located and create a plan to ensure their negative impacts are either eliminated or minimized to As Low as Reasonably Practicable (ALARP) level. This study creates an environmental compliance monitoring program for the facility. This is done for all NAOC’s facilities.
NAOC initiatives in favour of communities

The Criminal Economy of Oil theft has weakened economic, social and cultural rights of the Niger Delta communities.

Lack of opportunities, social injustice, and economic crisis in Niger Delta pushed many youths into the business of Oil theft. Improving living conditions in a depressed economy is considered a priority to reduce impacts on the environment in the long term. The frustration of living in a precarious socio-economic environment is a major cause of vandalism and sabotage of facilities.

NAOC over the years has defined and developed strategies to engage and support the host communities. Around 1000 infrastructural projects, such as roads, jetties, water schemes, health centres, schools, markets, town hall, etc. have been built over the past 30 years, involving communities through consultations and negotiating Memoranda of Understanding (MoUs). Furthermore, NAOC addresses three percent (3%) of its annual budget to the Niger Delta Development Commission (NDDC), who has the mission to provide the necessary infrastructures for the sustainable development of the region.

NAOC has also represented an important source of direct employment and indirect employment through local companies, as foreseen in Nigerian Law on Local content with a preference for Community based local vendors. Additionally, NAOC has supported employment opportunities and other initiatives, such as scholarships and bursaries to improve literacy levels and economic empowerment programs to support youth business development.

Finally, energy supply to communities is another important driver for the development of small and medium enterprises.

NAOC initiatives to improve human right awareness in security activities

The Militarization of the critical area for oil theft has collateral consequences for civilians during military operation against militant groups and criminal gangs.

NAOC organized two workshops in 2017 and 2019 on Security and Human Rights, reserved to the High Rank of the Armed Forces, Human Rights Commission Officers, Government Security Agency Forces, Security Personnel and Top Management of the Private and National Industries. The objective was to raise awareness on the protection and promotion of human rights by aligning the rules of engagement with international standards and best practices. The 2019 workshop followed “a systematic and integrated approach that incorporates the respect of International Humanitarian Law and Human Rights principles, active stakeholder dialogue and existing best practices into security management”, in order to enhance the understanding of how to implement the best practices identified by international conventions on Human Rights in security operations.

The initiative held in 2017 was aimed at spreading the human rights culture among the Nigerian public and private security forces and training them to respect Human Rights and avoid excessive use of force. Both the initiatives, carried out between Abuja and Port Harcourt, have been fully supported and welcomed by all Chiefs of Military Forces that, in rotation, have participated to the different editions. During the edition held in 2019, the Chief of Army Staff and Chief of Navy Staff have requested to extend this program in additional Nigerian States.

The presence of the Government Security Agency (GSA) and/or Joint Task Force (JTF) on the NAOC operational sites and their periodic operations have contributed to reducing Illegal refineries.
Finally, NAOC supports the approach adopted by the Army to institute a Human Rights Office, managed by officers, in civil dress, to favour confidentiality and smooth the dialogue with civilians while reporting abuses or violations perpetrated by authorities.

Community pipeline surveillance model has been adopted to in NAOC to engage them in asset integrity and valorise their knowledge of the area.
An SACA initiative to prevent and respond to incidents causing environmental pollution

Environmental pollution has a direct consequence on health, livelihoods, availability of quality water

In order to maintain a cleaner environment and water for the host community, SACA over the years has focused on oil spill prone communities to identify and expedite action to report the spills, by organizing meetings with the oil and gas companies and other relevant Government regulatory agencies. As part of SACA’s strategy to respond quickly to oil spills, SACA trained and formed groups in each community, known as the community Guard/Volunteers. Through regular communication and organized meetings, SACA was able to get the latest update about oil and gas issues including oil spills and other environmental related issues. SACA ensures that representation of community members, owners of polluted land, women and all concerned Government agencies participate in all JIVs.

SACA also embarks on advocacy activities both at a national and international level to enforce the clean-up of any major oil spill identified. This was evident in the number of oil spill clean-up and remediation, scooping and clamping of equipment in some cases, and adequate compensation given accordingly to the clan or families whose land is polluted.

Anti-vandalism campaigns are also SACA’s key strategy to prevent and respond to oil and gas negative activities among youths. Each year SACA organizes anti-vandalism campaigns for the youths, and school children to shun away from sabotaging oil pipelines and illegal refining.

SACA initiatives in favour of communities

The Criminal Economy of Oil theft has weakened economic, social and cultural rights of the Niger Delta communities

SACA has continually shown a strong commitment to improve the lives of the youths and women who are consistently vulnerable to oil spills and to engage them in meaningful activities bringing positive changes in their lives. In this regard, SACA has organized and carried out training activities for women and youths focused on general business concept and more intense training sessions on specific areas such as fish farming, snail production, welding and fabrication, cosmetics and household antiseptics. SACA also worked on job creation and small enterprise development, by supporting and promoting the creation of women and youth corporative groups.

The NGO also ensured distribution of seedlings to support the local community to cope with the negative effects of oil spills which destroyed their environment and livelihoods, especially with regards to fishing and farming activities.

As for its relations with local communities, SACA is involved in a continuous engagement: with particular focus to the implementation process of the GMoU, it is involved in the activities of tracking records on accountability and transparency and in monitoring actions and eventual accountability of the Cluster Development Boards (CDBs) in respect to the management and expenditure of GMoU funds.
SACA every year organizes major stakeholders’ gatherings in Bayelsa State, a forum that brings together all community representatives, Government regulatory agencies (both State and Federal), state security law enforcement agencies and oil and gas companies. The main objective of this annual gathering is to discuss issues such as company/community’s relationship, negative impacts and consequences of oil spills (such as health conditions and common diseases), standard GMoU review, modular refineries, livelihood and community resilience among others. There is usually a live broadcast of such events on national TV and radio channels.

**SACA initiatives to improve human right awareness in security activities**

*The Militarization of the critical area for oil theft has collateral consequences for civilians during military operation against militant groups and criminal gangs*

SACA has in recent times adopted the use of alternative dispute resolution mechanisms (ADR) to resolve existing and emerging oil-based conflicts within project communities, and conflicts between community youths and security personnel who are securing oil and gas facilities/operations in their communities.

With regards to potential human rights impacts of security activities, SACA has trained 64 personnel of the Nigerian Security and Civil Defense Corps (NSCDC) on human rights, with special focus on the UN Guiding Principles on Business and Human Rights and on Voluntary Principles on Security and Human Rights. The NSCDC is a federal security force with a federal mandate to secure critical national infrastructures particularly in the oil and gas industries, who have been accused severally of extra-judicial killings and other human rights abuses.