



Community Engagement Standards for the Extractive Industries

Building mutually beneficial relations amongst key extractive stakeholders

CSR·in·Action

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Excel Place

5B, Tunde Olowola Close

Bera, Chevron Drive

08076884871, 01-2915003

ces@csr-in-action.org



Community Engagement Standards Development Team

Bekeme Masade-Olowola, Team Lead

Dr. Austin Onuoha, Consultant

Barr. Chima Williams, Consultant

Alex Nwonye, Consultant



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Hodonu Samuel, Hon Gasau Sori, Olusegun Adeniran Onilude, Waliu O., Mr John, Mr Wole, Mrs. Daramola, Mr. Temitope, Mr. Olumide, Mr. Segun, Hon. Folajimi Lai Mohammed, Mr. Famatinwa, Mr. Sanwo Adeleke, Mr. Ariyo Baba, Mr. Adike Awuduma, Hon. Tonye Isenah, Dr. Emmanuel S. Urang, Dr. Marvin Dekil, Dr. Iniobong Essien, Rt. Hon. (Barr) Chikwendu Kalu, Mrs. Adetoye Victoria Opeyemi and Hon. Barr. John Obukohwo Nani.

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About CSR-in-Action

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www.sitei.org

For further information about the Community Engagement Standards, including adoption, training and certification, contact

The Chief Executive
CSR-in-Action
Excel Place
5B Tunde Olowola Close
BERA
Chevron Drive
Lagos
ces@csr-in-action.org

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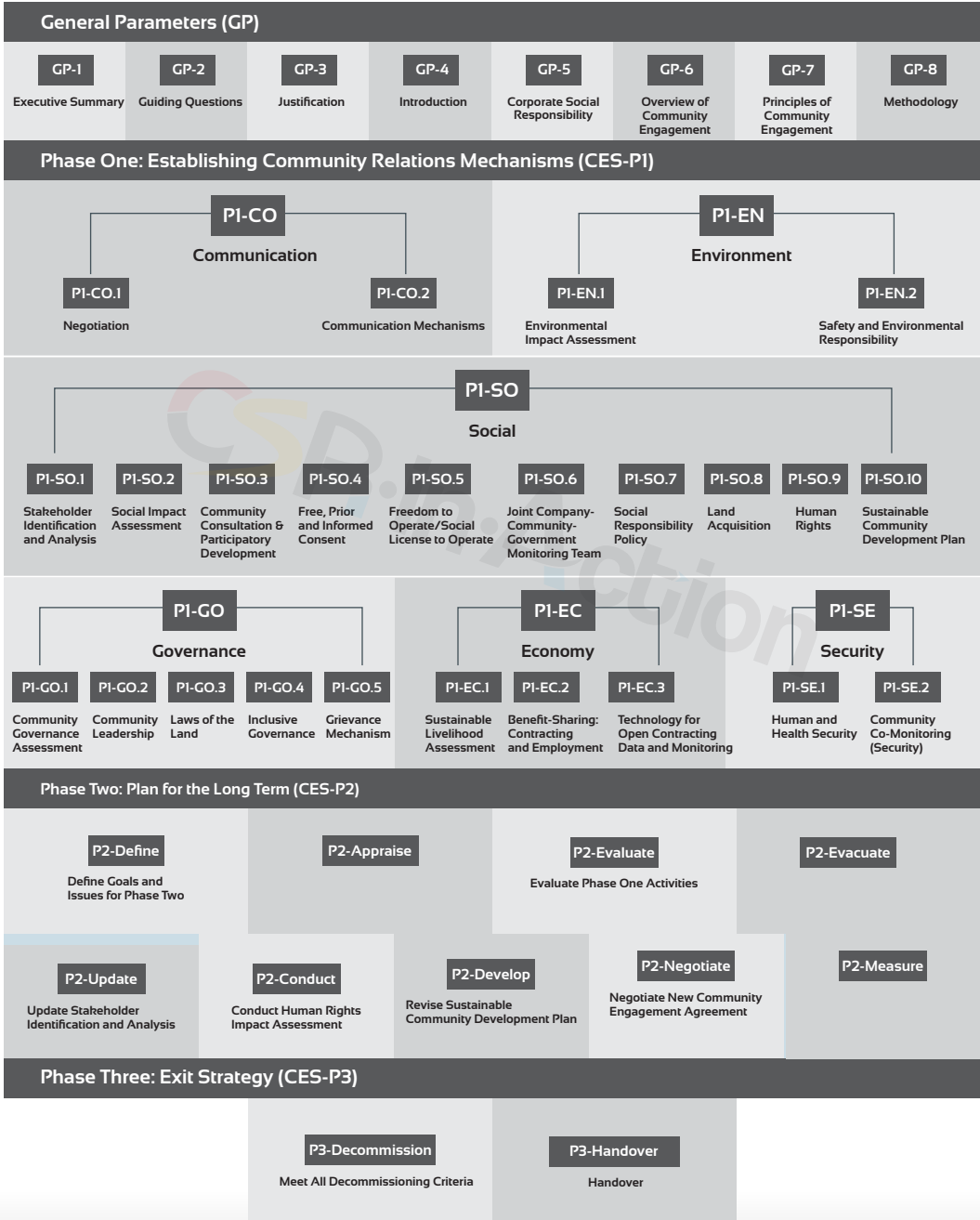
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Community Engagement Standards Indicators



Community Engagement Standards - Parameters, Mechanisms, Criteria and Guidance

Indicators	Parameters	Mechanisms	Criteria	Guidance notes	Page No /Ref
General Parameters					
GP-1	Executive Summary			See 'Explanatory Notes for Community Engagement Standards'	
GP-2	Guiding Questions			See 'Explanatory Notes for Community Engagement Standards'	
GP-3	Justification			See 'Explanatory Notes for Community Engagement Standards'	
GP-4	Introduction			See 'Explanatory Notes for Community Engagement Standards'	
GP-5	Corporate Social Responsibility			See 'Explanatory Notes for Community Engagement Standards'	
GP-6	Overview of Community Engagement			See 'Explanatory Notes for Community Engagement Standards'	
GP-7	Principles of Community Engagement			See 'Explanatory Notes for Community Engagement Standards'	
GP-8	Methodology			See 'Explanatory Notes for Community Engagement Standards'	
CES-P1 Phase One: Establishing Community Relations Mechanisms					
PI-CO	Communication and Stakeholder Engagement			<ul style="list-style-type: none"> • Communication style and strategy must be agreed • Most effective means of communication are town hall meetings. Others can be direct community engagement or stakeholders' forums • Literacy must be considered • IEC materials used 	



				<ul style="list-style-type: none"> • Communication must be flexible • Communication process must be known to the members of the community through their leaders and representatives and through direct engagement • An equitable percent of women – at least 30% - must be involved in all stakeholder engagement
P1-CO.1		Negotiation		<p>A good negotiation strategy between company and community must:</p> <ul style="list-style-type: none"> • be transparent, credible and legitimate • separate the people from the problem • focus on interests not positions • generate a variety of possibilities • use objective criteria • include all key stakeholder groups; including men, women and youth
P1-CO.2		Communication Mechanisms		<p>The company must ensure that:</p> <ul style="list-style-type: none"> • there is a clear two-way mechanism • all inquiries, complaints or issues are at least, acknowledged, responded to and carefully managed • feedback is timely to prevent conflict
P1-EN	Environment			<ul style="list-style-type: none"> • All environmental guidelines must be adhered to; local and international • Environmental results, issues, plans, etc, must be clearly communicated



P1-EN.1		Environmental Impact Assessment		<p>An EIA:</p> <ul style="list-style-type: none"> • must identify and evaluate the potentially significant environmental and social impacts of development projects and propose impact management strategies in the best interests of the public and stakeholders • must be used for decision-making • must be freshly conducted per project by a reputable third party • should involve third part consultation • must be effective and efficient
P1-EN.1A			Timeliness	<ul style="list-style-type: none"> • Critical to CE construct phase not to be left for later • Prepare an EIA report spelling out potential impacts, using credible third parties • Seek and obtain the approval of the Federal Ministry of the Environment • Submit the EIA report to DPR per the Environmental Guidelines and Standards for the Petroleum Industry in Nigeria • In a timely manner, obtain permits for all aspects of oil-related effluent discharges from all point sources (ie., gaseous, liquid and solid) and oil-related project development



P1-EN.1B			Accessibility	<ul style="list-style-type: none"> • The EIA report should be accessible to all relevant parties and may be a component of the online management portal • EIAs should be posted for 21 days in local communities – as well as online (See 'Technology for Open Contracting Data and Monitoring')
P1-EN.1C			Key Stakeholder Participation	<ul style="list-style-type: none"> • Prior to commencement of operations, companies should discuss the outcomes of an EIA report with the community, so that there is a clear understanding of the topography, challenges or issues. The communities would be more sympathetic to any consequent challenge that the company faces as a result of latent issues with the land or other aspects of the environment.
P1-EN.1D			Decision-Driver	<ul style="list-style-type: none"> • The insights and concerns identified through early community engagement should be used by business to determine if a proposed project may have negative impacts on the environment and make the right decision(s)
P1-EN.2		Safety and Environmental Responsibility		<ul style="list-style-type: none"> • Priority should be assigned to preserving health, wellbeing and safety of their employees, contractors, and the communities in which companies operate.



P1-EN.2A			Business' Declaration of Commitment to Environmental Protection	<ul style="list-style-type: none"> • Businesses should declare their intention or indicate their commitment, to conducting their businesses in the most efficient way. • They should indicate willingness and readiness to work in harmony with their surroundings
P1-EN.2B			Compliance with Laws, Regulations and Standards	<p>Environmental laws and regulations are enacted to protect the people and their lands.</p> <p>A company committed to CE must be willing to comply with:</p> <ul style="list-style-type: none"> • the Environmental Act • the Environmental Guidelines and Standards • the Associated Gas Re-injection Act, where applicable • NCDMB's Local Content Guidelines • any other relevant laws
P1-EN.2C			Learning	<ul style="list-style-type: none"> • Capacity building initiatives and programs should be in place to encourage learning from incidents
P1-EN.2D			Auditing, Monitoring and Corrective Action	<ul style="list-style-type: none"> • Organisations should be committed to setting objectives and targets, auditing, monitoring, sampling and implementing corrective actions to ensure full compliance with corporate expectations
P1-EN.2E			Personal Responsibility	<ul style="list-style-type: none"> • Host community members shall have personal responsibilities to prevent harm to themselves, others, and the environment.



P1-SO	Social			<ul style="list-style-type: none"> • Conducting CE without consideration for socio-cultural aspects of the community, including indices such as behavioural pattern, motivations and educational level of the people, is more likely to be unsuccessful or unsustainable
P1-SO.1		Stakeholder Identification and Analysis		<ul style="list-style-type: none"> • The government at local, state and federal levels (State Ministry of Land/Transport as applicable, National Boundary Commission, etc) ought to be involved in this process, seeing as they are the custodians of the people • The government should have a regularly updated list of actual communities, their legal leaders, their estimated numbers and even a census of families, farmland ownership • The government, civil society and business associations (such as Oil Producers Trade Section (OPTS)), also ought to be involved in the formal introduction of the company to the community, negotiation meetings, mediatory meetings and to enforce all regulatory guidelines for the extractive process
P1-SO.2		Social Impact Assessment (Phase One)		<p>When conducting a social impact assessment (SIA):</p> <ul style="list-style-type: none"> • attention must be paid to both the positive and negative impacts • identify and recognise the sources of the changes and how those changes will affect the well-being of the access, host and/or impacted communities



P1-SO.3		Community Consultation and Participatory Development		<ul style="list-style-type: none"> • A tool for community engagement which may take the form of a town-hall meeting (THM), dialogue session, facilitated meeting or focused group discussions (FGD) • It must be designed in such a way to achieve the goal and address the issues which the community engagement process has set for itself
P1-SO.4		Free, Prior and Informed Consent		<ul style="list-style-type: none"> • The idea of FPIC is that for any development project, there must be free, prior and informed consent of the access impacted and host communities • The essence of the FPIC is to make the people aware of the project, its impacts both negative and positive), mitigation measures and to seek their consent for the commencement of the project
P1-SO.5		Freedom to Operate/Social License to Operate		<ul style="list-style-type: none"> • The Freedom to Operate/Social License to Operate (FTO/SLTO) is a risk management tool
P1-SO.6		Joint Company-Community-Government Monitoring Team		<p>The JCCGMT is not a replacement for the governance structure and model contemplated for the entire CE process. It is part of it. Some of the functions of this body include:</p> <ul style="list-style-type: none"> • Monitoring the implementation of all agreements. Service Level Agreements have to be set and adhered to • Advising generally on progress made



				<ul style="list-style-type: none"> • Acting as credible third party between groups and individuals • Providing information as to issues that may affect the CE process • Where possible, helping to provide early warning information and resolving disputes • They shall also conduct analysis of issues as they unfold • They shall also act in the interim as a body for receiving cases
P1-SO.6A			Role of Government	<p>It is the role of government to balance competing objectives for the benefit of all stakeholder interests, it should be responsible for overseeing the success of the process, protecting all interest groups and mediating when issues arise. The government, through MPR in collaboration with relevant agencies, must:</p> <ul style="list-style-type: none"> • engage with the host community(ies) to determine their expectations and reach out to IOCs before extended stakeholder meetings • adequately monitor compliance to regulations • provide open channels of receiving and addressing complaints from business or community members • mediate in the first instance of misunderstanding • provide dedicated personnel for project monitoring • sanction erring parties • provide adequate security



P1-SO.6B			<p>Role of Company</p>	<p>Companies should:</p> <ul style="list-style-type: none"> • ensure due compliance with the rules, laws and regulations of Nigeria • liaise closely with the community, civil society groups and representatives of the government agencies (MPR, NNPC, state governments, Federal Ministry of Niger Delta Affairs (FMNDA), National Boundary, NAPIMS, DPR, FMEEnv, and NOSDRA) • provide timely information as and when necessary • provide point man (community liaison person) and systemic mechanism for addressing concerns all the way to the top management of the company • be sincere and equitable • respect human rights and existing cultural practices and laws of the land • ensure fiscal justice in implementation of community-focused initiatives • ensure there is adequate communication throughout all the community, not just amongst leaders • develop a Corporate Social Responsibility (CSR), community development plan or other 'incentives' to the host community; in collaboration with (See 'Sustainable Community Development Plan') • development of community development plan' in collaboration with the Community; if there is none
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				<ul style="list-style-type: none"> • The Company must liaise with the community and relevant agencies to carryout Environmental Impact Assessment • Incentives • Safety and environmental responsibilities • Community participation & inclusion • Host community development plan • Benefit sharing: contracts and employment
P1-SO.6C			Role of Community	<p>The role of the community is simple, but powerful. It is recommended that community leaders and dwellers be:</p> <ul style="list-style-type: none"> • open to discussion with licensees authorised by the government • sincere, equitable and act in good faith • respect of the laws guiding business operations • respectful of human rights • respectful of agreements • custodians in the best interest of the public • morally responsible for the security of company assets • part of the preparation of the community development plan
P1-SO.7		Social Responsibility Policy		<ul style="list-style-type: none"> • The company should set up comprehensive CSR Policy before embarking on community engagement in all the phases • The CSR Policy will serve as a guide for the company in terms of making decisions about its commitment to corporate social responsibility



				<ul style="list-style-type: none"> • The policy shall provide the foundation, the philosophy and motivation for the community engagement process • Where possible it must be made clear that the policy could be made adaptable and flexible for sustainability
P1-SO.8		Land Acquisition		<ul style="list-style-type: none"> • The company would have fulfilled all legal obligations concerning the land in which it is coming to operate • The company must make use of the report on Stakeholder Identification and Analysis, Sustainable Livelihood Assessment and Community Governance Assessment to assist it in understanding and negotiating land acquisition with the community
P1-SO.9		Human Rights		<ul style="list-style-type: none"> • Conducting an in-depth human rights impact assessment for effective CE is recommended • HRIA is an instrument for examining policies, legislation, programs and projects to identify and measure their effects on human rights
P1-SO.10		Sustainable Community Development Plan		<p>The Sustainable Community Development Plan (SCDP):</p> <ul style="list-style-type: none"> • identifies community development projects • proposes timelines for implementation • and also suggests sources of funding for the projects • should be validated at a town hall meeting or other credible community forum • be incorporated into the company's CSR strategy



P1-SO.10A			Community Based Institution Building	<ul style="list-style-type: none"> • The CBIB must take into consideration the actual needs of the community and seek to empower all groups, especially women and youth, on productivity, rights and responsibilities and opportunities
P1-SO.10B			Sustainable Community Development Agreement	<p>In these standards, our aim for the Sustainable Community Development Agreement (SCDA) is to point out that:</p> <ul style="list-style-type: none"> • the company SCDA can be a community development agreement or Global Memorandum of Understanding or Memorandum of Understanding or Participatory Partnership Strategy (PPS) - as is the case for Production Sharing Agreements (PSA) - or Integrated Community Development Project (ICDP), or any best practice framework of choice • there is a signed agreement from the onset • all relevant parties – including deep consultations with the general populace themselves - were duly consulted • the agreement should be equitable • the agreement will be adhered to, and should be legally binding for all parties involved • the agreement is duly overseen by an independent community development board or community-based organisation

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P1-SO.10C			Sustainable Community Development Board	<p>A SCDB ought to:</p> <ul style="list-style-type: none"> • have a clear vision/mandate • be made of individuals of high intellectual and moral value of the diverse community groups, business and government (federal, state and local, if possible) • focus on sustainability of proposed initiatives, bearing in mind the possible tenured nature of company operations • be responsible for releasing intermittent and timely reports as agreed –monthly, quarterly or annually • oversee monitoring and impact assessment • be made up of key stakeholder group positions
P1-GO	Governance			<ul style="list-style-type: none"> • Every community has a system of governance or a governance structure • The governance body of a community is usually the first port of call for every community engagement activity and efforts should be made to ensure that due diligence is done to avoid early or future disruption
P1-GO.1		Community Governance Assessment		<ul style="list-style-type: none"> • The essence of a Community Governance Assessment (CGA) exercise is to understand how a community is governed. • It identifies the various governance structures, maps the relationship between them, analyses their powers and understands their origins and evolution



P1-GO.2		Community Leadership		<ul style="list-style-type: none"> When a company arrives at any community, it must meet and work with the recognised leadership and representatives of the community. It must for the mean time work with this leadership whether legitimate or not. Second, a company may not have all the full facts as to how this present leadership emerged. This present leadership must be identified as part of the CE process
P1-GO.3		Nigerian Laws and Laws of the Land		<p>Some of the responsibilities of corporate bodies are:</p> <ul style="list-style-type: none"> to obey the Nigerian laws and the Laws of the land where they are operating be aware of the various grievance mechanisms available and, their strengths and weaknesses
P1-GO.4		Inclusive Governance		<ul style="list-style-type: none"> Inclusive governance, through communities' involvement, favours the overall acceptance and makes implementation easier Inclusive governance addresses participatory governance
P1-GO.5		Grievance Mechanism		<ul style="list-style-type: none"> A locally based, formalised way to accept, assess, and resolve community complaints concerning the performance or behaviour of a company, its contractors, or employees should be identified Companies' grievance mechanisms should have features of the structures outlined below:



P1-GO.5A			Legitimacy	<ul style="list-style-type: none"> • A clear administrative structure that is designed in such a way that no party that is using it could have an advantage over the other
P1-GO.5B			Accessibility	<ul style="list-style-type: none"> • The proximity and convenience to reach the facility. It also involves understanding how to use the mechanism
P1-GO.5C			Predictability	<ul style="list-style-type: none"> • Providing a clear and known procedure with an indicative time frame for each stage, and clarity on the types of process and outcome available and means of monitoring implementation • Knowing in advance what will happen if the complaint is successful or unsuccessful
P1-GO.5D			Equitability	<ul style="list-style-type: none"> • Seeking to ensure that aggrieved parties have reasonable access to sources of information, advice and expertise necessary to engage in a grievance process on fair, informed and respectful terms
P1-GO.5E			Transpaency	<ul style="list-style-type: none"> • Keeping parties to a grievance informed about its progress, and providing sufficient information about the mechanism's performance to build confidence in its effectiveness and meet any public interest at stake
P1-GO.5F			Rights-Compatibility	<ul style="list-style-type: none"> • Ensuring that outcomes and remedies accord with internationally recognised human rights



P1-GO.5G			Continuous Learning	<ul style="list-style-type: none"> Drawing on relevant measures to identify lessons for improving the mechanism and preventing future grievances and harms
P1-GO.5H			Iterative Engagement and Dialogue	<ul style="list-style-type: none"> Consulting the stakeholder groups for whose use they are intended on their design and performance and focusing on dialogue as the means to address and resolve grievances
P1-GO.6	Reporting			<ul style="list-style-type: none"> Companies are encouraged to report on all material aspects of local activities annually – or quarterly - in line with recognised local or global standards Reporting amongst partnering stakeholders in a transparent and public manner is fundamental for companies committed to sustainability
P1-EC	Economy			<ul style="list-style-type: none"> A critical assessment of the economic environment in which the project implementation is to take place
P1-EC.1		Sustainable Livelihood Assessment		<ul style="list-style-type: none"> Ascertain what kind of livelihood the community environment has supported over time.
P1-EC.2		Benefit-Sharing: Contracting and Employment		<ul style="list-style-type: none"> In the sharing of benefits, it is advisable for the company to allow the community to take the lead...But the company must also provide oversight and quality control
P1-EC.2A			Contracting	<ul style="list-style-type: none"> Set local content criteria for community contracting Adopt open and transparent bidding for contracts



P1-EC.2B			Employment	<p>There must be provision for:</p> <ul style="list-style-type: none"> • non-technical employment • contractual employment • professional full-time employment awarded transparently and equitably
P1-EC.2C			Scholarship	<ul style="list-style-type: none"> • Scholarship sub-committee, comprising community members with high moral values to be set up under the SCDB to oversee the process • Ensure transparency and equitability
P1-EC.2D			Training and Development	<ul style="list-style-type: none"> • A training manual and schedule for the period to be included in the SCDP • Individual training and development needs should be assessed, training objectives should be achieved as well as method of training delivery • Impact of training and development should be monitored periodically, and support provided before, during and after training
P1-EC.3		Technology for Open Contracting Data and Monitoring		<ul style="list-style-type: none"> • The development of a web portal for storing and updating content relating to the SCDP, EIAs, reports from activities of CBOs and/or CDBs and any other agreements with host communities



P1-SE	Security			<p>Security arrangements must be:</p> <ul style="list-style-type: none"> • based on dialogue • a source of employment for community members • a source of continuous learning • context-specific • multi-sectoral in approach • focused on addressing the relational and structural aspects of security • long term, systematic and sustainable • constituted of an effective Grievance Mechanism
P1-SE.1		Human and Health Security		<ul style="list-style-type: none"> • What are some of the security threats that are unique to the community? • What are we securing? • Who are we securing? • What are the sources of threats? • Why do we secure? • How do we secure? • Who is responsible for securing? • What is the security strategy for the entire region where the community is located? • What are some of the best practice case study of security that we can learn from? • Inclusive and collaborative security is a valid strategy for realising human security



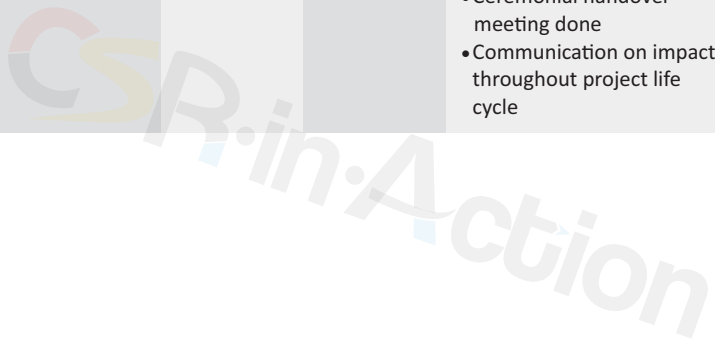
P1-SE.2		Community Co-Monitoring (Security)	<ul style="list-style-type: none"> Community persons trained in paramilitary operations Community persons retained to support government security or other licensed personnel 	<ul style="list-style-type: none"> This is ideally driven by local information needs and community values, to increase the accountability and quality of social services such as health or development aid, or to contribute to the management of natural resources
CES-P2 Phase Two: Plan for the Long Term				
P2-Define		Define Goals and Issues for Phase Two		<ul style="list-style-type: none"> The goal of this phase shall be predicated on the fact that the company is gradually settling in
P2-Appraise		Appraise Company Community Engagement Team Performance		<ul style="list-style-type: none"> Look at the capacity of the team Look at how organic the team has been in performing its assigned roles Examine the relationship between the team members and other stakeholders especially community members How far are they applying the lessons they have learnt in the field
P2-Evaluate		Evaluate Phase One Activities		<ul style="list-style-type: none"> The mind set for approaching this evaluation is to learn and improve and not to find fault. The focus should be on discovering what worked and what needs to be improved upon
P2-Evacuate		Transition Contractors and Employees		<ul style="list-style-type: none"> For the avoidance of doubt, the CE process shall be managing two sets of transitions – the institutional and individual



P2-Update		Update Stakeholder Identification and Analysis		<ul style="list-style-type: none"> • There is the need to include the new power blocs in an updated stakeholder identification and analysis
P2-Conduct		Conduct Human Rights Impact Assessment (Phase two)		<ul style="list-style-type: none"> • Human Rights Due Diligence is conducted at this point based on some of the human rights issues that have been identified in Phase One and it is also used to project for Phase Two
P2-Develop		Revise Sustainable Community Development Plan		<ul style="list-style-type: none"> • A relationship is beginning to emerge between the company and community. • It is a process by which leaders or the guiding members of an organisation imagine its future and develop the necessary procedures and operations to achieve that future
P2-Renegotiate		Renegotiate New Community Engagement Agreement		<ul style="list-style-type: none"> • The company must negotiate a new community engagement agreement. • Community members be fully involved in the negotiation of this agreement
P2-Measure		Measuring Community Engagement Strategy		<ul style="list-style-type: none"> • There is a difference between evaluation and measurement of results



CES-P3		Phase Three: Exit Strategy		
P3: Decommission		Meet All Decommissioning Criteria		<ul style="list-style-type: none"> •Decommissioning criteria agreed at the beginning and made part of strategic plan •Decommissioning to meet world-class standards including remediation and proper disposal of construction infrastructure •Decommissioning plan executed to the letter •Parties sign to show all criteria have been met
P3: Handover		Handover		<ul style="list-style-type: none"> •Responsible introduction to any new off takers, if any •Ceremonial handover meeting done •Communication on impacts throughout project life cycle



EXPLANATORY NOTES FOR COMMUNITY ENGAGEMENT STANDARDS



GP-1 Executive Summary

In actuality, companies do not have any choice but to deliver tangible and sustainable benefits to their access, host and impacted communities. Extractive companies especially face rising expectations to do more than simply mitigate negative impacts, they are expected to be sources of economic opportunity and to be reliable and trustworthy partners and neighbours. Extractive companies are expected to deliver lasting social and economic benefits to the areas where they have their footprints.

The tool for delivering these tangible and sustainable benefits to communities is the Community Engagement Standards (CES). Sections and provisions of the CES may be translated into a Community Development Agreement (CDA). Over the years, companies have engaged communities and sundry stakeholders, unfortunately with less than inspiring results. This CES is aimed at filling some of the identified gaps in earlier ones. Some of these gaps include the fact that, first, earlier frameworks did not use a phased approach. This one suggests a three-phase approach. Second, as an add-on to this phased approach, this CES has a whole section on exit strategy for extractive companies. Third, this CES development process delved deep into Nigeria's oil and gas communities for a clear picture of real life challenges faced in extractive communities in the developing world. It is aimed at stemming the tide of such security breaches as pipeline vandalism and oil theft. It is based on data collected from the field. It is also experiential and advocates a systematic and multi-stakeholder approach to CE. Finally, it advocates principled negotiation as a requisite skill for the use of this CES.

This framework starts with a set of guiding questions to assist in the design and deployment of a CE initiative. The guiding questions are used as benchmarks for designing and implementing the CES. After the guiding questions, the CES looks at an overview of CSR, CE and the various steps and principles. Phase One advises companies to pay attention to the laws of the land and to create a CSR Policy as foundational steps for designing and implementing a CE programme, as part of the various steps companies are advised to start by defining the goals and issues that will inform the CE process. They will then follow through with community consultation, Free, Prior and Informed Consent Principle (FPIC), setting up a Joint Company-Community-Government Monitoring Team (JCCGMT), designing their communication strategy, securing Freedom to Operate (FTO) and Social License



The effectiveness of the GM shall be measured against certain criteria that include legitimacy, accessibility, predictability, equitability, transparency, rights compatibility, continuous learning and iterative engagement and dialogue.

to Operate (SLTO), conducting of stakeholder identification and analysis, conducting community governance assessment, analysing community leadership, conducting sustainable livelihood assessment, developing a Sustainable Community Development Plan and establishing an operational level Grievance Mechanism (GM).

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Other matters that will take place in Phase One include land acquisition, benefit-sharing and security. This CES makes the case that the Voluntary Principles on Human Rights and Business could be a worthwhile document in designing a security arrangement and its deployment. This CES also recommends that in designing the security arrangement, there is the need to conduct a Peace and Conflict Impact Assessment (PCIA) of all the activities implemented so far.

Phase Two starts by looking at the definition of goals and issues that will engage the phase. Other activities are appraising the Joint Company-Community-Government Monitoring Team's performance, evaluation of Phase One activities, exit of contractors and contractor employees, update of stakeholder identification and analysis and the conduct of Human Rights Impact Assessment (HRIA). There is also need for the development of a Strategic Sustainability Plan, and the negotiation of a new community engagement agreement to capture new developments, relationships, issues and other matters that have emerged from Phase One activities.

A prescription in this CES is the proposal to develop a sustainability plan. But the justification is that by Phase Two, the company and community would have begun to develop a shared vision in their relationship. Each party would have begun to realise the need for mutual and peaceful co-existence. The strategic sustainability focused community development plan would solidify and



consolidate this emerging relationship.

Phase Three commences when the company is about to exit. The primary matter here is to manage expectation and ensure that all projects are designed and implemented with strong sustainability components. The exit strategy must also be part of the CE process from inception.

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GP-2 Guiding Questions

In developing and implementing these Community Engagement Standards, organisations must focus on answering the following questions:

- What mechanisms are in place to support community and wider stakeholder participation in decision-making for the extractive industries, particularly oil and gas?
- Are they perceived as sufficiently participatory?
- What is the extent of the engagement process that fosters effective and mutually beneficial relationships between the industry and communities?
- What is the extent of civil society's participation in the policy processes and assistance in solving technical problems?
- To what extent does civil society representation truly reflect the affected communities?
- Do both men and women participate in decision-making structures?
- Is there a systematic and neutral mechanism that guarantees that voices from the affected communities are expressed?
- Does CES have mechanism for monitoring compliance with joint venture agreements or production sharing contracts and associated operating and Environmental and Social Impact Assessment permits?
- What are the criteria for allocating project funds to communities?
- How can fair and adequate benefit/revenue sharing be supported?
- Are rents from extractive industries shared with local communities and re-invested in sustainable development (infrastructure, human capital, basic services and economic diversification)?
- Are the benefits and burdens of resource extraction being transparently identified and shared equally among user groups?
- What other benefits (i.e., social services, welfare programmes) are in place for surrounding communities that are directly affected by extractive activities, and do these meet community expectations?
- How can the community economy be diversified to become less dependent on extractives?
- What are the effects of the major extractive industries on the surrounding communities – including environmental, land grabbing/speculation, employment, migration, displacement and criminality (and potential increases in violence, including sexual violence)?



- Are social and environmental impact assessments conducted on a systematic basis, are risks mitigated and is compliance enforced?
- Are stakeholders properly consulted and/or aware of the processes/findings?
- What measures are taken to mitigate those negative effects? By the government? By the companies?

How can transparency and accountability be improved regarding the negative impacts of extractive industries?

Are social and environmental impacts assessed and monitored by a neutral body?

What mechanisms and safeguards are in place to ensure transparency in revenue management and allocation?

How are the revenues of the resources being allocated and shared with host communities?

Is one section of the community benefiting substantially more or less from extractive activities?

- Are there groups particularly affected by this, such as women, youth, minority groups, etc?
- How has increasing competition between livelihood groups or economic sectors for extractive resources been addressed?
- What alternative sources of livelihood are available for community members?
- How has governance decisions e.g., revenue allocation formula over extractive resources contributed to structural scarcity, where different groups have unequal access?
- What is the level of national awareness of the issues on extractives – both on the part of the community and the national authorities? What are the gaps?
- What are the capacities of national authorities, community and companies to address the protection of extractive resources, including dispute resolution?
- To what extent does the formal legal framework provide clarity on ownership, allocation, access and control extractive resources?
- To what extent are laws, policies and institutional mandates overlapping or contradictory?
- How does the formal legal framework relate to and recognise multiple forms of resource tenure (statutory, customary, informal and religious)?



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How does the formal legal framework relate to and recognize multiple forms of resource tenure (statutory, customary, informal and religious)?
- How are disputes between different forms of resource tenure resolved? Does the legal framework recognize specific resource rights for groups that depend on renewable resources for their livelihood, together with clear mechanisms to exercise their rights?
- What is the level of state capacity to extend its presence and authority into rural areas in order to enforce renewable resources laws and resolve disputes?
- Does any of the policies, rights and laws on extractive resources discriminate against or marginalise specific groups?
- How are the environmental impacts and burdens from development projects balanced against the economic benefits?
- Does the community have recognised rights to participate in decision making on extractive resources? Is this right exercised?
- Who controls access, ownership and management of the main extractive resources contributing to GDP and rural livelihoods?
- Who decides how benefits are shared and used?
- Do any of the actors politicise extractive resources in terms of connecting ownership and access with identity factors, calls for autonomy or political mobilization?
- Have national laws been revised and harmonised to reflect the agreements? Are those agreements and laws enforced? Is there any process in place to discuss and mitigate the social and environmental impacts?
- Is land equally distributed within society?
- Does the distribution reflect patterns that favour specific cultural, social or religious groups, and/or a concentration amongst elites?
- Do the laws, institutions or processes for land access, ownership and management favour one group over others (such as women, youth or other vulnerable groups), or specifically marginalise a specific group or livelihood?
- Does a particular area have unequal distribution of land, landlessness or land concentration among the elite?



- Is there contested access to and use of fertile land or communal grazing areas, for example, between different livelihood groups (e.g., pastoralist communities, or between pastoralists and agrarian communities, or between agricultural communities)?
- How are entitlements relating to land distributed?
- Is there uncertainty regarding security of tenure and other land rights, particularly for already vulnerable populations?
- Is there transparency in land investments, ownership transfers, capture or control?
- Is resource extraction perceived to affect a community's land rights without offering an equitable share in the revenue stream or compensation?
- Will new laws, policies or programmes potentially impact land rights of either elites or communities (for example, agrarian reform, privatisation, land titling, etc.)?
- Are there incentives for investment and sustainable resource management based on well-defined and secure land rights?
- What are the environmental and development related risks due to large-scale land acquisitions, concessions and leases that involve conversion of land used by local communities, families and individuals to commercial activities?
- Is extractive activity bringing communities into increased competition for land or related resources?
- Is environmental degradation and or the threat of climate change increasing perceptions of land scarcity?



GP-3 Justification

In 2007, energy and mining companies made up six of the 10 largest companies in the world, and 5 of the ten most profitable – with ExxonMobil topping the list as the most profitable company in the world. However, the communities from which these companies extract commodities are among the poorest. Economic opportunities do not flow directly and evenly from multinational extractive companies to those closest to and most affected by their business activities. And given the fact that over the next 20 years, approximately 90% of new hydrocarbon production will come from developing countries, the gap between company profits and local economic benefits could widen. (Wise & Shtylla, 2007).

The number of reported cases of project interruptions due to non-technical risks especially and including stakeholder issues point to the need for effective community engagement. An analysis of delays experienced by 190 of the world's largest oil and gas companies (as ranked by Goldman Sachs), found that 73% of project delays were due to 'above-ground' or non-technical risk including community resistance, while disruptions/delays that are due to technical risks was only 21% (Michael & Jessica, 2011).

The strident clamour for resource control has put 'vicarious liability' pressure on companies to pay more attention to their community engagement strategies in order to secure and sustain their social license to operate. This is more so since no other natural resource in Nigeria contributes as much as oil and gas to the nation's revenue earnings. Moreover, over the years, Nigeria has had to contend with two contradictory 'ownership theories' of oil and gas (Okechukwu & Kontagora, undated).

The International Finance Corporation (IFC) has released more than four Guidance Notes on Stakeholder Engagement. The Organisation for European Cooperation and Development (OECD) has its own guidelines. Many other agencies have developed one form of guideline on community engagement or the other. The question which arises then is: Why another guideline/framework on community engagement? What is new? What is it that needs to be said that have not been said?



The first point to note is that there is a difference between Stakeholder Engagement and Community Engagement. While community is part of stakeholder, not all stakeholders could be said to be part of the community. By community here, we refer to a residential area where a project is geographically located. These are areas where the people usually have common language, history and ancestry. It includes access, host and impacted communities.

Second, this Community Engagement Standards is contextualised to suit the Nigeria environment. For instance, for some time now, militancy has abated in the Niger Delta. However, there has been an upsurge in oil theft. For instance, ThisDay Newspaper, August 1, 2018, reported that “The Nigeria Natural Resource Charter (NNRC) Tuesday disclosed that its latest report on crude oil theft in Nigeria showed the country lost about N3.8 trillion within the last two years – 2016 and 2017 – to the menace. The UK-funded non-governmental organisation

This framework was developed with data from the field. There were extensive engagements and consultations in the nine oil-bearing states of Nigeria. It also drew from a comparative analysis of international best practices report researched by the CSR-in-Action team, which looked at ways in which companies in two mature markets – Canada and Russia - and two emerging markets – Ghana and Peru-have managed conflict within oil and gas indigenous communities.

(NGO) also added that the estimated financial value of what Nigeria lost through crude oil theft in the Niger Delta was higher than the current combined allocations of the country to health and education in the 2018 federal budget.” This framework is targeted at some of these issues that are peculiar to oil and gas in Nigeria. Lessons were drawn from existing local and international stakeholder engagement guidelines, principles and frameworks, including the Nigerian Content Development and Monitoring Board's (NCDMB) Community Content Guidelines, the proposed Petroleum Host Community Bill by the Senate, and local and international environmental guidelines.

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Finally, this guide was informed by first class experience of practitioners who have had many years of experience working in the Niger Delta and other oil producing clines. It also looked at the opportunities within the existing popular community engagement initiatives such as the Memorandum of Understanding (MoU) and the Global Memorandum of Understanding (GMoU). This explains why it adopted a phased-approach, instead of the typical broad approach.

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GP-4 Introduction

One of the greatest challenges facing humanity is how to manage relationships; between companies and communities, and between communities and governments. Business activities have impacts. These impacts could be positive or negative. “While these companies operating in developing countries have contributed towards improved social development through providing jobs, paying taxes, building an industrial base, enhancing efficiency, earning foreign exchange and transferring technology, they have also been linked publicly to deepening disparities in wealth, poor labor conditions, pollution incidents, health and safety failings, forced displacement and other human and civil rights abuses (Thomson & Joyce 1997).

This has led to an increasing pressure from NGOs, Community Based Organisations (CBOs) and Civil Society Organisations (CSOs) all over the world for multinational corporations to become more accountable’ (Amponsah-Tawiah & Dartey-Baah, 2011, p. 62).

Over the years, tremendous efforts have been focused on how to maximise the positive impacts of business on society and how to minimise the negative impacts. In fact, the sector which has posed more challenge than any other is the extractives sector. This is because extractive industries, by their very nature, disrupt and dislocate both people (communities) and livelihood systems. Second is that extractive industries are, more often than not, multinationals whose origins and influence are pervasive. Third is that more enlightened members of any community where minerals are exploited, have in their sub-conscious the colonial experience of their various countries. The history of minerals, metals and hydrocarbon extraction is closely intertwined with experiences of colonisation, independence and development. In many parts of the world, the extractives sector is central to the economy and, as a result, to the political legitimacy of a country's leaders (Chatham House 2013).

Heidhues in Bankoff and Boomgaard [eds.] (2007, p.61) captured it thus: “In the eighteenth century Southeast Asia's tin and gold began to be mined in sizable quantities for long-distance trade. Local rulers claimed sovereignty over these resources, but mining soon fell into the hands of outsiders, long before colonial governments intervened; later, European investors took control. Local residents played little role in the exploitation of metals, much less in collecting benefits



from them. Often enough, they bore the disadvantages. The paradox of mineral exploitation is that the negative impacts affect mostly the community members while those who exploit the minerals enjoy the benefits.

“The effect was to centrali[s]e the profits from such exploitation.....while the negative effects, environmental damage, strains through the presence of immigrant labor, or changing levels of employment remained local. Even when operations cease, life is never the same for the communities. This is how James Jackson (cited by Heidhues, p.69) described the situation way back in 1780, “the retreating miners left behind a sterile, sandy, stony surface, denuded of vegetation and honeycombed with water-filled diggings and small man-made swamps; natural drainage patterns and erosion processes had been seriously disturbed and the slowly regenerating vegetation developed into an almost impenetrable tangle very different from the original high forest.” And with astounding finality Heidhues declared, “Bangka today is dotted with 'lakes,' all of them man made remains of mine diggings.”

Heidhues traced the origin of the challenge of company/community relations from ownership to exploitation, from entry to exit and the negative impacts. Businesses generally, especially extractives, impact the environment which includes land, water and the atmosphere. According to the Public Interest Research Group of the US, “the oil and gas industry is one of the dirtiest and most destructive industries on the planet. Onshore or offshore, the environmental track record of the oil industry is a dirty one” (Manuel, 2001, p.3).

In the above quote, the group points out two very important factors that have over the years reinforced the need for an effective community engagement framework. First, is the environmental pollution associated with the extractive industries. Second, is the destructive nature of the industries. The industries not only destroy the environment by default, they also affect livelihoods. There is, therefore, the imperative for the industries to provide alternative livelihood systems. There could be the temptation to cast all the blames on extractive industries and its operators. This might be unfair because as Krista Hendry, Director, Human Rights and Business Roundtable, Fund for Peace, on September 22, 2008, put it to the Subcommittee on Human Rights and the Law Committee on the Judiciary United States Senate, extractive companies “are increasingly operating in complex, conflict-sensitive environments.



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Due to a convergence of ethnic tensions, weak state institutions, high levels of poverty, lack of infrastructure development and poor governance companies can become targets of attack”.

Finally, the various Holy Books guide and moderate the relationship between adherents and the Supreme Being. Constitutions guide the relationship between citizens and a nation state, Contracts of employment guide the relationship between employees and employers. The Joint Venture Agreements between companies and nation

states do not even mention the communities. The question which arises is; what is the guide or organising framework for the relationship between companies and communities? This is where the role of a community engagement framework becomes very important and useful.

In developing this Community Engagement Standards, particular attention has been focused on extractives generally, with oil and gas as the main focus of analysis. Second, Nigeria has also been used as a frame of reference. This is because of the not very inspiring experience with extractives. Moreover, when it comes to the extractive industries, Nigeria could be said to have seen it all. From human rights violations to environmental degradation, from violent conflict to community induced production disruption and general insecurity.



Over the years, the government, international community and non-state actors have responded to these challenges in very many ways. Laws have been enacted, uprisings brutally put down, activists have been jailed and some judicially murdered, but the problem seems to defy most of these responses. In fact, the challenge has more often than not, taken on new colourations as the Nigerian state evolved.

This Community Engagement Standards starts from when a company is about to start a project in an area. Second phase focuses on when the company has settled down and commenced operations and finally when the company is about to exit. Experience from the field show that the issues which the Community Engagement Standards shall deal with in each phase differ in scope, magnitude and significance.

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GP-5 Corporate Social Responsibility (CSR)

According to Farcane and Bureana (2015), the concept of corporate social responsibility was developed only after World War II, especially in the last 50 years. However, the roots of CSR can be traced back to Ancient Mesopotamia around 1700 BC, where King Hammurabi introduced a code in which builders, innkeepers or farmers were put to death if their negligence caused the deaths of others, or major inconvenience to local citizens (Dankova 2012). In Ancient Rome senators grumbled about the failure of businesses to contribute sufficient taxes to fund their military campaigns, while in 1622, disgruntled shareholders in the Dutch East India Company started issuing pamphlets complaining about management secrecy and “self-enrichment”. Furthermore, in 1981, Eberstadt claims in his study, that phenomena of social responsibility were already presented in the ancient Greece, while today’s corporate responsibility movement is an attempt to restore a 2,000-year-old tradition of businesses being connected to the community (Panwar 2006).

Under CSR theory, businesses have basically four responsibilities. They are legal, economic, ethical, and discretionary or philanthropic. Legal responsibility means that for any business to be considered socially responsible, it must obey the laws of the land. In business circles, this is referred to as compliance. The second responsibility is economic. This means that businesses must produce goods and services that serve humanity. They must also make profit for their shareholders, employ people pay salaries and taxes. Ethical responsibility implies that businesses must conduct their affairs and operations in ways that are not offensive to natural justice, equity and good conscience. They must produce goods and services sticking to the highest ethical standards. Finally, is that of discretionary or philanthropic responsibility. CSR theory insists that businesses must invest in sports, arts, education etc as part of their contribution to their immediate environment and society at large.

As to the above overview, there is no controversy. However, the debate is whether CSR should be mandatory or voluntary. One

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The argument is neither here nor there and ought not to detain us. The matter which must be borne in mind while designing any CE strategy is that it goes way beyond the requirements of the law and it is aimed at building mutually beneficial sustainable relationships.

school of thought insists that it ought to remain voluntary. This school is led by business operators who argue that “the business of business is business.” The other school which is led by hard core human rights activists insist that CSR ought to be made mandatory through legislation. The argument is neither here nor there and ought not to detain us. The matter which must be borne in mind while designing any CE strategy is that it goes way beyond the requirements of the law and it is aimed at building mutually beneficial sustainable relationships.

A survey across most countries show that there has been a hybrid approach to CSR.

Many countries such as Peru, Chile, and even Nigeria, have used both voluntary and mandatory mechanisms. But in 2010, The World Bank lent its authoritative voice to a more nuanced approach to CSR. This was a kind of indictment of the voluntary approach. It said:

“Traditionally historical community development initiatives, within the mining sector have tended to be mostly philanthropic gestures, based on the perceived needs of local communities with little or no participatory engagement or rigorous needs assessment. These philanthropic gestures are often practiced as part of an attempt to avoid unrest amongst local communities and to placate local governments by providing physical infrastructure such as schools or health centers. However, the continued failure of these philanthropic gestures to satisfy stakeholder expectations (frequently engendering community dependency and raising expectations) and to provide tangible long-term benefits and sustainability to communities has driven a change in the way CDAs [Community Development Agreements] are planned and implemented” (World Bank, 2010, p.10).

The World Bank made a case for “participatory engagement” and “rigorous needs assessment”, as a way of avoiding community unrest and meeting stakeholder expectations. The tool to achieve this is community engagement. Community engagement is part of the holistic gamut of CSR. However, community engagement is specialised, digging deeper, and as such, has more profound implications for company/community relations.



Before embarking on community engagement in all the phases, companies must ensure that they have a comprehensive CSR Policy which would act as a guide for the process. This policy shall provide the foundation, the philosophy and motivation for the community engagement process. When this policy is shared with the community members prior to the engagement process it lays out the boundaries of the company's vision and the dos and don'ts of their corporate practices. It is important for this policy to be in place in order to avoid a situation whereby the community will think that certain actions are targeted at them.

If it is a new organisation, it must ensure that it develops a CSR Policy before moving into a new location. If it is an old organisation, it must dust up its policy and share it. Where possible, it must be made clear that the policy could be made adaptable and flexible for sustainability.

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GP-6 Overview of Community Engagement

According to the UN Department of Political Affairs (2012), “The vast majority of the conflicts associated with EI development have strong roots in the unfair or inadequate engagement of relevant communities and stakeholders. Where communities and stakeholders are poorly engaged, marginalised or excluded from the dialogue in the development process, they are almost certain to begin to oppose the development. This is particularly the case where they have not been consulted on whether the development should proceed at all, especially if there is the risk that they will bear the impacts and fail to benefit.”

Putnam, arguably, is the father of community engagement. In 1995, Putnam wrote an article titled; “Bowling alone: America's Declining Social Capital.” In that article Putnam pointed to the decline of civic engagement and social networks. The Center for Disease Control and Prevention describes community engagement as “the process of working collaboratively with and through groups of people affiliated by geographic proximity, special interest, or similar situations to address issues affecting the well-being of those people.” (CDC, 2011). A more recent definition states that community engagement “means people working collaboratively, through inspired action and learning, to create and realise bold visions for their common future” (Born, 2012). In both instances, collaboratively working together toward a common issue or future is key to the community engagement process.

The goals of community engagement are to build trust and relationships that lead to long-standing collaborations and, ultimately, positive impacts that improve the lives of the community members.

On a general note, community engagement is the process of building mutually beneficial relationships between communities and corporations through effective communication that builds trust and confidence around a project.

The goals of community engagement are to build trust and relationships that lead to long-standing collaborations and, ultimately, positive impacts that improve the lives of the community members.



It means getting communities involved in a project by seeking their consent before, during and even at the end of the project. But a more profound description of community engagement was that by Prof. John Ruggie, the UN Secretary General's Special Representative on Human Rights and Business in the foreword of the UN Guiding Principles on Business and Human Rights.

“We expect to initiate a dialogue between communities and corporations that fosters mutual learning and understanding, builds trust through improved communication and sets the stage for innovative problem solving that ultimately results in measurable change for all stakeholders” (Prof. John Ruggie (2011)).

From the above Ruggie has listed some of the tools and objectives of community engagement. The first is dialogue between communities and corporations or companies. This is not dialogue for its own sake, but to foster mutual learning and understanding, build trust and improve communication. This will lead to innovative problem-solving which will result in measurable change for all. This Community Engagement Standards aims at achieving the above, if carefully adhered to.

R·in·Action



GP-7 Principles of Community Engagement

Many analysts and commentators argue that; moreover, community engagement is grounded in the principles of community organisation: fairness, justice, empowerment, participation, and self-determination (Alinsky, 1962; Chávez et al, 2007; Freire, 1970; Wallerstein et al, 2006). But to understand this, one must also look at some of the global trends that have provided the impetus for and popularised the concept of community engagement. Some of the global phenomena and guidance include:

- 1987 UN definition of development as “felt needs of the people”
- Globalisation
- Beijing Conference of 1985
- The Voluntary Principles on Security and Human Rights
- The UN Guiding Principles on Business and Human Rights
- Earth Summit
- UN Global Compact
- Extractive Industries Transparency Initiative (EITI)
- Kimberley Process
- OECD Guidelines
- Equator Principles
- UN Norms on Human Rights & Business (The UN Norms do not seek to impose inappropriate responsibilities on businesses. They clearly state that companies only have responsibilities "within their respective spheres of activity and influence.")

A little guidance on community engagement

- Be clear about the purposes or goals of the engagement effort, and the populations and/or communities you want to engage
- Become knowledgeable about the community in terms of its economic conditions, political structures, norms and values, demographic trends, history, and experience with engagement efforts
- Learn about the community's perceptions of those initiating the engagement activities
- Go into the community, establish relationships, build trust, work with the formal and informal leadership, and seek commitment from community organisations and leaders to create processes for mobilising the community



- Remember and accept that community self-determination is the responsibility and right of all people who comprise a community. No external entity should assume it can bestow on a community the power to act in its own self-interest
- Partnering with the community is necessary to create change and improve health
- All aspects of community engagement must recognise and respect community diversity
- Awareness of the various cultures of a community and other factors of diversity must be paramount in designing and implementing community engagement approaches
- Community engagement can only be sustained by identifying and mobilising community assets, and by developing capacities and resources for community health decisions and action
- An engaging organisation or individual change agent must be prepared to release control of actions or interventions to the community and be flexible enough to meet the changing needs of the community
- Community collaboration requires long-term commitment by the engaging organisation and its partners.



GP-8 Methodology

As earlier pointed out, one of the features that stand this very CES out, is that it emanated from engagement with stakeholders in the field. Consultations were done in nine oil-bearing states. During these consultations, the data collection team met and interacted with 212 people from different stakeholder groups including government, civil society, oil company operators, traditional leaders and community members. These 212 respondents included men, women and youth of both genders. First, the team administered survey questionnaires on them, then they had conversations around the issues.

Of course, there was desktop review of materials with a view to enriching the framework and learning lessons from other stakeholder engagement tools that are in the public domain.

The surveys and interactions were analysed and the issues that were raised informed the development of this framework. Finally, the themes and scope of the framework were drawn from the survey and key informant interviews. Validation meetings with community leaders from all nine oil-producing states, government representatives from all the states and relevant agencies in Abuja and across the country, and oil and gas companies, were held on 9, 11 and 16 October, 2018, respectively.



CES-P1 Phase One: Establishing Community Relations Mechanisms

The phased approach to community engagement is based on the fact that companies move into communities in phases. And that the issues that companies confront in the community differ from phase to phase. For instance, in phase one, more often than not, a contractor or consultant fronts the company. This could be in the form of land clearing, construction, etc. The extractive sector makes extensive use of contractors, consultants and sundry service providers. At times, many companies have allowed these service providers to be the face of the company. Then later enter unannounced. This has had very unsavoury consequences. It is advisable that right from inception, the company makes itself known to the community and clears the air on the type of relationship that exists between it and the service providers. The issues which engages a company's attention also evolves and varies from phase to phase.

It is advisable that right from inception, the company makes itself known to the community and clears the air on the type of relationship that exists between it and the service providers.

For instance, during construction (phase one), the issue may revolve around noise, dust pollution and frequent accident. During this time a community may experience increased rate of teenage pregnancy, prostitution, drug and alcohol abuse, etc. At times, in this first phase, community members confuse employment with the contractor with employment with the principal company. Moreover, this phased approach to community engagement simplifies the process and adds value to each segment

without encumbering the other.

P1-CO Communication and Stakeholder Engagement

At the heart of every relationship is communication. A well-structured and even-handed communication strategy helps in nurturing long-lasting relationships. Data from the field point to the fact that more often than not, communication between companies and communities is vertical, not horizontal. Because it is vertical, it is not respectful and therefore not deep and enriching. At the commencement of the CE process, the stakeholders must agree on a communications strategy. For instance, will information be pasted at (a) public



location(s) in the community? Will the company representatives be present and pass on critical information? Will company invite representatives of the community to pass on information? Will there be meetings to pass on information?

Whatever communication process that is adopted, the literacy rate of the community members must be taken into consideration. The likelihood of distortion and misinformation should also be taken into consideration. The greatest tool for marginalising people is denial of information. The communication process for the CE must be such that does not allow a group of people in the community to hijack the CE process. When communication is hijacked, people are excluded and resentment sets in. Second, those that hijack information may distort it to suit themselves and this may pitch the community against the company.

Data from the field suggest a multi-communication strategy depending on the issue at stake and the urgency required to address such issue. A community public notice board could be used. Oral information could also be passed round through the members of JCCGMT. Radio announcements could also be made. Where necessary newspaper notices could also play a role. But one of the most effective means of communication in the CE process is either town hall meetings or other direct community engagement processes where community members and company representatives interact first hand. This is important because there may be the need to ask questions or seek clarifications on some of the issues being communicated about.

Whatever method of communication that would be chosen, must be collectively agreed to and must be flexible and adaptable to changing situations. It must also be such that passes on the message in clear and understandable way. There must also be in-built in the communication process a feedback mechanism that confirms receipt and understanding of the message. Finally, the communication process must be known to each and every member of the community. And the company must use it.

P1-CO.1 Negotiation

Closely linked to communication is negotiation. In fact, negotiation is part of communication. Negotiation is a tool used by community and company to come to an agreement. But data from the field indicate that due to power asymmetry,

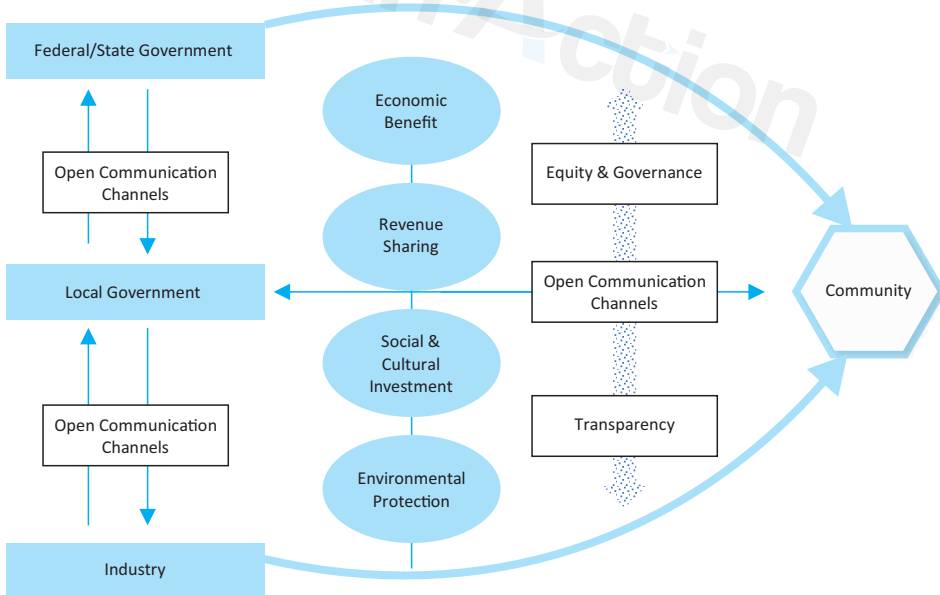


companies hardly negotiate with communities. In fact, the allegation is that companies impose their will on communities. Government is also accused of using strong arm tactics to bend communities' will.

This has short, medium, and long-term implications. If there is a perception of imposition by either party in a relationship, then the party alleging imposition will do all it can to reverse the imposition. This stalls projects and leads to unnecessary delays and disruptions. It is, therefore, important to negotiate the terms and conditions of most issues. The process of negotiation between company and community must be transparent, credible and legitimate. Negotiators on both sides must also be selected with clear sets of criteria. Finally, they must also be trained on how to negotiate. That is why in this CES the preferred negotiating strategy is principled negotiation which encourages that it:

- Separates the people from the problem
- Focuses on interests not positions
- Generates a variety of possibilities
- Uses objective criteria.

Figure 1: Relevant Conflict Management Strategies for Extractive Societies



Culled from: A Comparative Analysis of Methods Adopted to Address Conflict Issues in Other Countries Where Refineries are Domiciled Within Indigenous Communities (Masade-Olowola, CSR-in-Action, 2018)



P1-CO.2 Communication Mechanisms

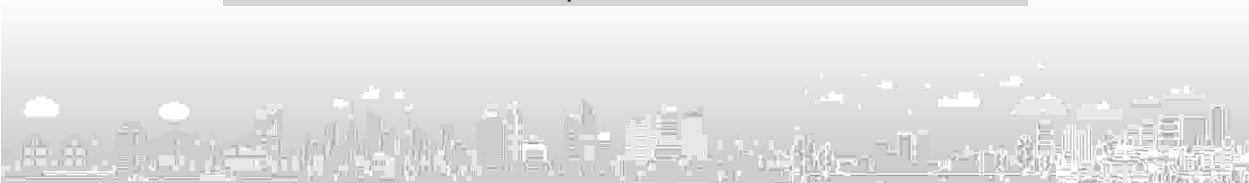
Communication is an ongoing process. The point of this section is to emphasise that a company may not acquire and retain its social license to operate if it does not adopt a strategy for constant update. Let it be said that there is too much information than too little, or hardly any. Experience in the field indicates that community members complain that companies hardly respond to their letters or inquiry. This situation can and has led to conflict, as in order to get a response or get the company to 'talk' to the community, members have resorted to sundry strong-arm tactics to get attention. For instance, community members have been known to break pipelines, embark on demonstrations, etc., in order to get companies' attention.

It is better to have clear feedback and communication mechanisms in order to deflect grievance, as well as grievance mechanisms. In a CE process and in communication in general, it is a two-way process.

While agreement should be made on how a company shall communicate to a community, it should also be agreed how a community should communicate to a company. This is so that, if communication is not reaching the company through an approved source and method, such communication should be deemed suspect. A mechanism should also be put in place to verify information from both sides.

More importantly, community members point to the fact that when they try to contact the same company's parent company abroad, they get an almost immediate response. To such community members, this connotes double standards. It is, therefore, important that in the CE process, the issue of communication is handled with lots of care and caution. This is because some of the activities that are interpreted as community induced production disruptions are aimed at drawing attention to specific grievances. Or put in another way are aimed at getting the company to talk to the community. Therefore, in the CE, the company must ensure that all inquiries, complaints or issues are at least, acknowledged, responded to and carefully managed and addressed and on time too.

It is better to have clear feedback and communication mechanisms in order to deflect grievance, and grievance mechanisms concurrently. In a CE process and in communication in general, it is a two-way process.



P1-EN Environment

A critical part of the community which cannot be overlooked is its environment. While environment could be social or physical, for the purpose of this framework, we refer to the physical environment of communities. Due to the nature of the oil and gas industry, issues bordering on environmental protection, sustainable environmental practices, emissions, climate change, and environmental sanitation, are topical issues.

P1-EN.1 Environmental Impact Assessment

An Environmental Impact Assessment (EIA) is one of the most widely practiced environmental management tools in the world. An EIA is designed to identify and evaluate the potentially significant environmental and social impacts of development projects and propose impactful management strategies in the best interests of the public and stakeholders. In recent years, EIA has come under increasing pressure from affected communities and interests, particularly Indigenous communities, to be more effective — that is, a participatory, comprehensive, and transparent process resulting in development that delivers benefits to local communities whilst ensuring environmental protection and the preservation of traditional uses.

We mention EIA within the CE construct because it should be a critical part of the CE consultation phase. Prior to commencement of operations, companies should

Prior to commencement of operations, companies should discuss the outcomes of an EIA report with the community, so that there is a clear understanding of the topography, challenges or issues.

discuss the outcomes of an EIA report with the community, so that there is a clear understanding of the topography, challenges or issues. The communities would be more sympathetic to any consequent challenge that the company faces as a result of latent issues with the land or other aspects of the environment.

Whether an effective EIA is necessarily an efficient one, or vice versa, largely depends on the views of the different stakeholders involved; their roles, interests, and power positions; and their overall influence on the



environmental decisions that emerge. Public participation, including the provision for community engagement, is a necessary component of an effective EIA system (Stewart and Sinclair, 2007; O'Faircheallaigh, 2010), and a required component under several government provisions and regulations. The insights and concerns identified through early community engagement can be used by government regulators to determine if a proposed project may have negative impacts on the environment.

Though engagement processes serve to improve the legitimacy of environmental decision-making regarding natural resource planning and development, a major challenge facing EA practitioners, regulators, industry, and affected communities, is how to ensure meaningful engagement in EIA. Contemporary issues surrounding the efficiency of EIA and the effectiveness of community engagement for resource development include capacity, streamlining of EIA processes, and the timing of EIA. These are challenges that the company would need to proactively seek to overcome.

P1-EN.1A Timeliness

It is important to meet all regulatory requirements as and when they are due; not perform a travesty of the process by first commencing and then going back for assessment. The Environmental Impact Assessment Act requires all project proponents that intend to embark on an activity which could impact the environment to prepare an environmental impact assessment report setting out the activity's potential environmental impact and plans for preventing or mitigating this impact. Reports must be approved by the Federal Ministry of Environment. The Environmental Guidelines and Standards for the Petroleum Industry in Nigeria (EGASPIN) also require operators embarking on petroleum projects to produce environmental impact assessment reports on their proposed activities for the Department of Petroleum Resources' (DPR) approval.

In a nutshell, it is advisable that companies prior to project commencement:

- Prepare an EIA report spelling out potential impacts, using credible third parties
- Seek and obtain the approval of the Federal Ministry of the Environment
- Submit the EIA report to DPR per the Environmental Guidelines and Standards for the Petroleum Industry in Nigeria
- In a timely manner, obtain permits for all aspects of oil-related effluent discharges from all point sources (i.e., gaseous, liquid and solid) and oil-related project development.



P1-EN.1B Accessibility

The EIA report should be accessible to all relevant parties and may be a component of the online management portal. (See 'Technology for Open Contracting Data and Monitoring'). EIAs should be posted for 21 days in local communities – as well as online. Companies should bear in mind that there are legal ramifications if companies refuse to do this. Communities are to be presented the EIA at the beginning of the project as part of community engagement.

P1-EN.1C Key Stakeholder Participation

One cannot emphasise the utmost importance of all key stakeholders when conducting any matter that relates to a host community. The EIA is of the utmost importance because negative environmental efforts yield long term negative factors like community unrest, loss of livelihoods, health and wellbeing challenges, and so on. Prior to commencement of operations, companies should discuss the outcomes of an EIA report with the community, so that there is a clear understanding of the topography, challenges or issues. The communities would be more sympathetic to any consequent challenge that the company faces as a result of latent issues with the land or other aspects of the environment.

P1-EN.1D Decision-Driver

The insights and concerns identified through early community engagement can be used by government regulators to determine if a proposed project may have negative impacts on the environment. The results of an EIA should be taken seriously, not glossed over as it can have dire environmental and socio-cultural implications for community, as well as financial and fatal consequences for the company. If there are solutions to the EIA, the company is advised to engage its key stakeholders with the challenges and best practice solutions to be applied.

P1-EN.2 Safety and Environmental Responsibility

Safety and environmental responsibility are the preserve of both the leadership and followership of any given community. This is because matters of safety of lives and properties affect all. One of the strategies of garnering attention of a select community for CE is to highlight issues that affect their safety in relation to their immediate environment especially with regards to the project at hand. Companies intending to conduct CE should have in place stringent measures to prevent harm to people working within their operations, their neighbours and the immediate environment.



Companies should realise that the effective management of health and safety and the environment is essential to growing their business in a sustainable and responsible manner. Priority should thus be assigned to preserving health, wellbeing and safety of their employees, contractors, and the communities in which they operate. Companies would need to adopt a zero-incident policy, which entails no accidents, protection of lives and properties, and no damage to the environment. Key issues that would form the basis for engagement with regards to safety and environmental responsibility are:

P1-EN.2A Business' Declaration of Commitment to Environmental Protection

As part of companies' community engagement strategies, businesses should declare their intention or indicate their commitment, to conducting their businesses in the most efficient way so as to reduce their negative impact on the environment and the local communities that surround their operating entities. They should indicate willingness and readiness to work in harmony with their surroundings, to prevent and control pollution; and to provide economic benefit to local communities, their customers and suppliers.

The Petroleum (Drilling and Production) Regulations require licensees and lessees to adopt precautions to prevent pollution and dispose of waste from petroleum operations in accordance with applicable regulations, as may be approved by the Department of Petroleum Resources.

P1-EN.2B Compliance with Laws, Regulations and Standards

The organisation which intends to conduct a CE activity should have health, safety, environmental, human rights and community expectations within their corporate governance structure. All entities in their operational value chain are required to adhere to these corporate expectations and to comply with all applicable laws and regulations. For instance, the Associated Gas Re-injection Act requires operators to obtain the Minister of Petroleum's permission before flaring gas produced in association with oil.

Also, the Oil and Gas Pipelines Regulations require a pipeline licensee to implement emergency plans to ensure prompt and remedial action for protecting the environment.

P1-EN.2C Learning

Capacity building initiatives and programs should be in place to encourage



learning from incidents. Despite that accidents sometimes happen inadvertently; a learning system will help avoid repetition of such occurrences.

P1-EN.2D Auditing, Monitoring and Corrective Action

Organisations should be committed to setting objectives and targets, auditing, monitoring, sampling and implementing corrective actions to ensure full compliance with corporate expectations.

P1-EN.2E Personal Responsibility

Host community members should be informed that they have a personal responsibility to prevent harm to themselves, others, and the environment. Practices that encourage safety, good health and concern for the environment should be encouraged and should form topics for engagement.

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P1-SO Social

A key consideration in conducting a Community Engagement exercise is the social aspect of the community with which the engagement is intended to take place. This is anchored on the fact that the economic development of a place cannot be separated from its social development.

A number of case studies and field experiences have indicated that conducting CE without consideration for socio-cultural aspects of the community, including indices such as behavioural pattern, motivations and educational level of the people, is more likely to be unsuccessful or unsustainable. Vera Majerova (2015) posits that “a well-balanced relationship between economic and social progress is the main prerequisite of community stability”. Some of these social aspects are statistically discoverable and quantifiable, while others which fall within the sphere of social relations, making their identification more difficult to interpret and measure.

To be thoroughly examined, however, is the history of the community and its relations with others, its present social structure (including psychographic variables such as: values, opinions, norms, behavioural patterns, etc, and demographic variables such as age grades, educational level, ratio of male to female in the population, land mass, prevailing occupation, etc.), its cultural values and the way it governs itself.

P1-SO.1 Stakeholder Identification and Analysis

In the introduction to this CES, a distinction was made between stakeholders and community members. That distinction subsists. In the community, there are different stakeholder groups. These various groups play different roles in the community. As part of the CE process, it is important to identify these groups, know their functions, understand the extent of their powers and how they emerged in the community. This is not just for the sake of it, but to find ways of allocating roles and responsibilities to them in the CE process. It is also a way of knowing how to share benefits in

The government also ought to be involved in the formal introduction of the company to the community, negotiation meetings, mediatory meetings and to enforce all regulatory guidelines for the extractive process.



the short, medium and long term.

It is pertinent that the government at local, state and federal levels, be involved in this process, seeing as they are the custodians of the people. The government should have a regularly updated list of actual communities, their legal leaders, their estimated numbers and even a census of families, farmland ownership. The government also ought to be involved in the formal introduction of the company to the community, negotiation meetings, mediatory meetings and to enforce all regulatory guidelines for the extractive process.

Before commencing a stakeholder identification and analysis process, the community needs to be informed and carried along. It is their community; they understand it better than any outsider. Companies have made mistakes in combining the stakeholder identification and analysis with other assessments. This has been due to cost considerations. But combining them might lead to a distortion or an over-burdening of the process. Stakeholder identification and analysis must be a graphic representation of how the community is constituted.

Stakeholders in any community or society evolve over time due to events and circumstances. One of the critical issues that is brought to the fore by the stakeholder identification and analysis is under what circumstances a stakeholder group emerged.

Stakeholder identification and analysis also helps to sensitise the community to the presence of the company, what the company is coming to do, and how they intend to do what they want to do. It is also a good time to sell the company, especially where they have done well. If the company has a reputation that has been scorched by some legacy issues, then it is time to do damage control and image repair.

On the other hand, it is not everyone that lives in the community that is a native of the community. Because they are not from the community does not mean that they cannot influence things in the community, however. For instance, religious leaders and teachers fall into this category. It is important to identify them and analyse their power and influence. It is also important to understand the relationship between the access, host and impacted communities.

Many companies use external consultants for this assignment. This is because more often than not, in-house expertise is not available. If a company is using consultants to conduct the stakeholder identification and analysis, there is the



need for quality control by company staff. This oversight must be provided by the company either by participating in the orientation, data collection or analysis. By this method, the company could be an active participant in the entire process. It helps the company to learn first-hand what is in the field.

Stakeholder identification and analysis is one of the greatest tools in understanding a community. It helps to map groups, their influence, authority, need and power. It also provides insights into how companies can engage communities. It helps to identify the various power blocs in the community. It is a tool which requires careful deployment. If mismanaged the impact could be damaging. As an exercise it must be as detailed as possible. This helps to open up the community for engagement and subsequent developments.

P1-SO.2 Social Impact Assessment (Phase One)

Every social enclave has its structures and characteristics. But whenever a new initiative, event, or activity is introduced into the social environment, there will always be some level of impact. This impact could be negative or positive. What this CES recommends is that, in conducting a social impact assessment (SIA), attention must be paid to both the positive and negative impacts. The essence is to keep increasing the positive impact while minimising the negative impact. It is important to bear in mind that impacts are changes. But these changes are never neutral. It is important to identify and recognise the sources of the changes and how those changes will affect the well-being of the access, host and impacted communities. More often than not SIAs identify potential impacts because it is assumed at this point that the company has not started operations. But it is possible to anticipate some of the likely impacts so as to put mitigation measures in place. SIA is done early in the project cycle to reduce cost of mitigation and to ensure prevention.

Oil and gas exploration is done in seven steps, and each of these steps have impact on the communities. The steps are summarised:

1. Discovery and resource estimation of the oil and gas location through prospecting or exploration.
2. Technical feasibility study conducted to agree the most convenient method of extraction, once economic value of the resource is established.
3. Decision to withdraw or continue with the project at this stage.
4. Commencement of ESIA if decision is made to proceed.
5. Construction of extraction sites and other facilities.
6. Commencement of production.



7. Closure of project or decommissioning, as the case may be.

(Adapted from Halland, Lokanc & Nair (2015)).

The main reason for the above list is to emphasise the point that for each stage of project development, there are impacts. And some stakeholders are more vulnerable to certain impacts than others. It is, therefore, imperative for companies to bear this in mind while designing their community engagement strategy.

P1.SO.3 Community Consultation and Participatory Development

This may be the main tool for community engagement. It may take the form of a town hall meeting (THM), dialogue session, facilitated meeting or focused group discussions (FGD). The point being made is that it must be designed in such a way to achieve the goal and address the issues which the community engagement process has set for itself.

One of the most challenging aspects of community consultation is that of representation. It is obvious that not everyone could be in the room or at the table at the same time. Even if they are, their inputs and contributions may be limited by several factors. So how does a Community Engagement Team (CET) get a fair representation of community members? The standard and traditional approach has been to use the leaders as entry points. Evidence from the field indicates that this has more often than not led to hijack of the community engagement process. Secondly, over the years there have been a gradual erosion of the credibility and influence of some community leaders. Many reasons account for this and one of the major ones is government interference.

Based on the laws of the land, CSR Policy of the company and the goal and issues which the community engagement process seeks to address, then the community consultation could be aligned appropriately. One of the strategies from the field which has recommended itself, is to have a different consultation for women, youths and men. An analysis and synthesis of the three may provide greater insights on the issues being addressed. This can also be supported with Key Informant Consultations with some selected leaders of the community including the traditional, religious, political, economic, youth and women.

P1.SO.4 Free, Prior and Informed Consent

The Free, Prior and Informed Consent (FPIC) principle has its origins in the



Universal Declaration of Human Rights and the Convention on the Right to Self Determination. This was reinforced by ILO Convention 169. The idea of FPIC is that for any development project, there must be free, prior and informed consent of the access, impacted and host communities. Generically in the FPIC, these communities are referred to as Indigenous Peoples. This implies the owners of the land where the development is to be carried out.

The implication of this is that almost all development projects have impacts on the communities. The essence of the FPIC is to make the people aware of the project, its impacts both negative and positive, mitigation measures and to seek their consent for the commencement of the project. As the Forest Peoples Programme puts it, “The idea behind FPIC is that it requires the free, non-coercive negotiations prior to any development intervention that provide full and accurate information about the proposed project and its implications with the aim to create an informed indigenous population” (FPP 2007).

To reinforce and follow-up on the FPIC, in 2002, the IFC developed the Equator Principles, which is “a risk management framework adopted by financial institutions for determining, assessing and managing environmental and social risk in development projects (EP 2013). As at the time of developing this framework, only two Nigerian banks, one in 2012, and another in 2018, have signed up to the Equator Principles. Failure to gain community buy-in and acceptance of projects can lead to “serious costs and delays” (Baker 2013, p. 674). Alexander Dunlap (2017) made a business case for FPIC by arguing that “this means gaining local acceptance can mitigate project costs and damage inflicted by recalcitrant locals, which helps ensure project completion, security and eventually a steady revenue stream.” To still underscore the importance of FPIC, the Equator Principles was revised in 2006 with the introduction of IFC's Policy and Performance Standards on Social and Environmental Sustainability. According to Baker (2013), this means that any development project financed by or receiving a loan from the World Bank, Inter-American Development Bank or the other 77 signatory banks require the FPIC of communities.

Jennifer Franco (2014) lists some of the possible strengths of the FPIC process:

1. It helps communities claim rights, resources and knowledge using national and international law.
2. It strengthens community rights to management of the community's own natural resources.
3. It creates room for communities to negotiate land deals, benefit from sharing



and access to resources.

4. It improves community cohesion and confidence to improve livelihoods and defend rights.
5. It also helps in surfacing unintended and unanticipated impacts.

It is important to note that the FPIC process may lead to consent or denial of consent. This to a large extent depends on the how, when, what and by whom. According to the Food and Agriculture Organisation (FAO), other considerations in an effective FPIC process include the time allocated for the discussions, the cultural appropriateness of the way the information is conveyed, the involvement of the community, especially such groups as women, the elderly and the youth. A thorough and well carried out FPIC process helps guarantee everyone's right to self-determination allowing them to participate in decisions that affect their lives (FAO 2016).

Gaining a community's consent for a project, especially in a weak governance zone like Nigeria, could be quite a delicate affair that requires careful balancing. This is because there is no record of a situation where community consent was denied, and the project was stopped. So, once the licensing process is completed, the company is ready to go.

This is more so when one takes into consideration the Land Use Act (1978) which invests the ownership and control of land in the state governors. Though on the surface, this kind of incapacitates the community's consent or lack of it. But a discerning corporate body must know that they need to build relationship with their access, host and impacted communities, as our recent history has shown the grave unrest that can come with strong arm tactics.

This brings us to the important matter of knowledge dissemination throughout the life cycle of the project. A community ought to be in the know of all that a company plans, what stage of the extraction process they are at, what they hope to get out of each stage, timelines, and even challenges. This helps to manage community expectations more effectively.

The FPIC is an end product, but the process of securing it is a skill which involves facilitating community consultation. This end product is as good as the process that brought it into being. For an FPIC relationship to be meaningful, effective and useful to all stakeholders, the process that brought it into being must be participatory, credible, legitimate and transparent.



P1-SO.5 Freedom to Operate/Social License to Operate

Is Freedom to Operate/Social License to Operate (FTO)/(SLTO) implicit or explicit? Who grants it? How is it gotten? How long does it last? These are some of the questions that enable an understanding of the FTO/SLTO. Depending on the area, the type and magnitude of the project and the history of the area, the FTO/SLTO may differ either in content or process. James Cooney, an executive with Placer Dome (a Canadian mining company), is said to have popularised the phrase 'social license to operate' in a meeting with World Bank officials in 1997 (Thomson and Boutilier 2011). Since then, the principle has gained traction in oil and gas and mining industries. According to Gehman et al (2017), between 1997 and 2002, SLTO was mentioned in media articles less than ten times a year.

A social license to operate exists when a mineral exploration or mining project is seen as having the approval, the broad acceptance of society to conduct its activities.

Between 2013 and 2015, SLTO was mentioned more than one thousand times in a year. And in 2016 alone, it was mentioned more than 2,000 times. "A social license to operate exists when a mineral exploration or mining project is seen as having the approval, the broad acceptance of society to conduct its activities. Such acceptability must be achieved at many levels, but it must begin with, and be firmly grounded in the social acceptance of the resource development by local communities"

(Joyce and Thomson 2000).

Interestingly, the FTO/SLTO is more symbolic than material. The FTO/SLTO simply means: Welcome!!! But before one can be welcome in a place, there are expectations from the host. For instance, the visitor must behave and conduct him/herself in a civil and respectful manner. That is why SLTO/FTO is anchored around the three key principles of trust, credibility and legitimacy. Second, the purpose of the visit must be such that would not compromise the security and well-being of the host. Third, the purpose for the visit must be clear and transparent. The duration of the visit must also be stated clearly.

In African communities, one must explain his/her mission before it would be decided whether to welcome them or not. The FTO/SLTO is usually negotiated between the company and the community. The negotiation is not just usually about money but many other issues. For the community, it is a process of extracting a commitment of good behaviour from the company. SLTO and FTO is a



risk management tool. It provides the opportunity for the company and community to assess the risk they pose to each other and how those risks would be mitigated. If the community trusts the company – that is if the company is seen to be legitimate and credible in its operations, a social license to operate is granted. But if not, the license is denied or could be withdrawn if it has been given before.

It is also a way of ensuring that the company recognises and acknowledges that the resources to be exploited no matter what the law says, belongs to the community. The FTO/SLTO also states the role the community shall play in the entire process of the project.

Experience shows that one of the best ways to secure FTO/SLTO is to write to the community explaining the project, duration, positive impacts, negative impacts and mitigation measures, compliance with the law, etc., and a final request asking for the license to operate. After the letter has been written and delivered, the company must wait for a response. The most likely response is a request for a meeting. The company must avoid having a meeting in their premises. The meeting must hold in the community.

And the company must not go to the community with uniformed and armed security personnel. This intimidates the community and gives the impression that they are on government side. This does not mean that the company will not make discreet security arrangement. Over visible security presence at this time is a recipe for the failure of the CE process.

It is an acknowledgement and recognition of the community. In attending the meeting, the company must discreetly make enquiries as to what is expected of a visitor. This may include drinks, kola, etc.

On the other hand, in the reply to the letter requesting for FTO/SLTO, the community may come up with a long list of items and demands. It is not always advisable to negotiate through letter-writing. In response the company must request for a meeting to negotiate the FTO/SLTO. During the negotiation, the company must avoid the temptation of over-selling the benefits of the project. The company must manage expectations in the negotiations. Communities hold onto promises like gospel; companies must be careful in making promises. Those who shall represent the company in the negotiations must be those that have some powers in the system or must be those authorised to negotiate.



Finally, in securing the FTO/SLTO, it is important to include a symbolic ceremony to mark the conclusion of negotiations. It is also vital to signal the commencement of operations through some style of ground-breaking ceremony. The essence of this is that human beings are mean-making beings and the meaning they attach to any phenomenon rubs off on their understanding, appreciation and participation in it.

Unfortunately, in many communities all over the world, including the Niger Delta, FTO/SLTO has become monetised and commercialised. This is the reality on the ground and any company designing or implementing a CE programme must brace up for it and finds principled ways of managing it.

P1-SO.6 Joint Company-Community-Government Monitoring Team

In most CE processes, the company takes charge and typically dominates the process understandably because they are the funders. The temptation is always very strong to control and dominate the entire exercise. The government has in the past, taken a back seat in proceedings. But there is the need to democratise the process. In other words, people must be involved. This empowers the community and engenders sense of ownership and participation. Companies need to refrain from divide and rule within communities which would only lead to discontent and conflict in the long run.

Data from the field indicate the need to have a Joint Company-Community-Government Monitoring Team. This body is part of the governance structure of the community engagement process and could form or be a part of the CBO or Community Development Board (CDB). This body shall be made up of selected civil society, community, company and government official members. From a peacebuilding and conflict prevention standpoint, this body is an early warning structure.

If at the beginning of a CE process, clear roles and responsibilities are allocated to groups and individuals, then the stage is set for people to be accountable and resourceful. Some of the functions of this body include:

- Monitoring the implementation of all agreements. Service Level Agreements have to be set and adhered to
- Advising generally on progress made
- Acting as credible third party between groups and individuals
- Providing information as to issues that may affect the CE process
- Where possible, helping to provide early warning information and resolving



disputes

- They shall also conduct analysis of issues as they unfold
- They shall also act in the interim as a body for receiving cases.

In a routine CE process, especially in the Niger Delta of Nigeria, some companies have been known to engage and leave a governance vacuum that is only functional when they are present. This lacuna has endangered the CE process and led to the process moving backwards each time an issue arises. It has also led to unnecessary contestations between groups in the community. But with the establishment of this kind of monitoring team, it gives the impression that the CE process is ongoing with or without the physical presence of the company and its staff.

The number of members of the team should not be too high. It should be an odd number of five, seven, nine, eleven, thirteen, etc. depending on the size of the community and extent of the project. It is important to include representatives of access, host and impacted communities. It is recommended that the chair of the body shall come from the host community. The body shall make its own by-laws and regulations. They shall act as the eyes and ears of the CE process and not spies or stooges of the company.

The spirit of volunteerism and community service has been eroded by several factors in Nigeria. It is important then to consider some form of compensation for this group. It is not advisable to place them on salary or allowance since this body will give way at some point as the CE process evolves and progresses. Where possible they could be given contracts, consultancies or some other kind of compensation but not some kind of 'permanent cash' arrangement.

Finally, the JCCGMT is not a replacement for the governance structure and model contemplated for the entire CE process. It is part of it. Other structures shall be introduced as the process progresses.

P1-SO.6A Role of Community

The community is the primary stakeholder in community engagement, because they are the daily custodians of the land. Historic ties, habits, livelihoods and culture tie community persons and their expectations to their environment. The role of the community is simple, but powerful. It is recommended that community leaders and dwellers be:

- open to discussion with licensees authorised by the government



- sincere, equitable and act in good faith
- respect of the laws guiding business operations
- respectful of human rights
- respectful of agreements
- custodians in the best interest of the public
- morally responsible for ensuring the security of company's assets
- be consulted and part of the development of the community engagement plan

P1-SO.6B Role of Government

As the custodian of natural resources and the wellbeing of the population, the Federal Government ought to actively ensure that closure and post-closure activities are conducted effectively in order to mitigate the risk of negative environmental, social and economic impacts before, during or post project operations.

Since it is the role of government to balance competing objectives to the benefit of all stakeholder interests, it should be responsible for overseeing the success of the process, protecting all interest groups and mediating when issues arise. We recommend that government, through the Federal Ministry of Petroleum Resources in collaboration with relevant agencies, engage with host communities to know and guide their expectations and reach out to the companies on ways to manage these expectations before stakeholders meeting; develops community partnership with companies that foster community capacities and create an enabling environment for communities to express and act on their concerns. Governments also need to accept that public engagement on extractive industries projects are often highly emotional, and as such, need to deploy staff who have specialised social skills and emotional intelligence to engage effectively with the public. Government is responsible for taking charge and coordinating the community engagement process while making sure that it remains neutral. Government should offer more focused guidance to companies and communities. Governments also have a responsibility to ensure that communities are adequately consulted before decisions are made on extractive industry developments.

The government must:

- adequately monitor compliance to regulations
- provide open channels of receiving and addressing complaints from business or community members



- mediate in the first instance of misunderstanding
- provide dedicated personnel for project monitoring
- prescribe sanctions to erring parties, sanctions should be communicated ahead and agreed by all parties
- institute and coordinate joint security systems.

P1-SO.6C Role of Company

Companies should respect their host communities and be responsive to local and state government. Communities, on the other hand, are to adhere to and uphold decisions and agreements jointly reached and ensure a conducive environment for companies to operate in. We recommend that companies put a mechanism in place to ensure internal compliance with agreed outcomes of community engagement, check and address identified lapses. They should include requirements for meaningful community engagement in major contracts, sub-contracts and joint venture negotiations and monitor to enforce compliance. They should be seen to be trustworthy neighbours by developing and promoting measures to increase public trust in information-sharing processes and promptly address local voices and concerns. Companies should:

- ensure due compliance with the rules, laws and regulations of Nigeria
- liaise with the community, civil society groups and the representatives of government agencies (MPR, NNPC, state governments, FMNDA, National Boundary Commission, NAPIMS, DPR, FMEEnv, and NOSDRA)
- provide timely information as and when necessary
- provide point man (community liaison person) and systemic mechanism for addressing concerns all the way to the top management of the company
- be sincere and equitable
- respect human rights and existing cultural practices and laws of the land
- ensure fiscal justice in implementation of community-focused initiatives
- ensure there is adequate communication throughout all the community, not just amongst leaders
- carry out impactful corporate social responsibility and provide incentives to the host communities
- consult and collaborate with community members to develop community development plan, if there is none
- liaise with the community to carry out Environmental Impact Assessment
- display high commitment to safety and environmental responsibilities
- ensure community participation and inclusion in all issues relating to the community



- be genuinely concerned about host community development plan, including benefits sharing, contracts and employments.

P1-SO.7 Social Responsibility Policy

Before embarking on community engagement in all the phases, the company must ensure that they have a comprehensive CSR Policy which would act as a guide for the process. A CSR Policy in this context, is a set of ideas and plan of action adopted by a company as a basis for making decisions about its commitment to corporate social responsibility.

Having a CSR Policy in place is vital to the success of any company that wants to enjoy a harmonious relationship with its host communities. The CSR Policy should aim to minimise the company's negative impacts and maximise its positive impacts and establish stable and equitable relationship with community members.

This policy shall provide the foundation, the philosophy and motivation for the community engagement process. When this policy is shared with the community members prior to the engagement process it lays out the boundaries of the company's vision and the dos and don'ts of their corporate practices. It is important for this policy to be in place in order to avoid a situation whereby the community will think that certain actions are targeted at them.

If it is a new organisation, it must ensure that it develops a CSR Policy before moving into a new location. If it is an old organisation, it must dust up its policy and share it. Where possible it must be made clear that the policy could be made adaptable and flexible for sustainability.

P1-SO.8 Land Acquisition

Land is the fundamental resource for most rural dwellers in Africa and elsewhere. Most communities, especially in Africa and the rest of the developing world, depend on land and land-based resources for their survival. The social and economic development of majority of Africans is dependent on access to land. The World Agriculture Industry (2010), says that about 1.5 billion hectares of land in the world could be used for agriculture, while about 41.9m cannot be used for agriculture. It also says that 16% of land used for farming is now degraded. Increasing world population and climate change is putting pressure on land. About 630 million hectares of land in Africa is suitable for agriculture. However,



this is inadequate for more than 1 billion residents of Africa. Conflicts in Africa have been defined by competition over access, control and ownership of land.

According to Siyum et al (2015), many African countries have experienced violent conflict because of conflict over land and land-based resources. In the last 50 years, conflict over land and land-based resources has become dominant in sub-Saharan Africa. Since 2000, 48 percent of land conflicts have taken place in Africa. The author noted that, 55 of the 70 conflicts underway in 2009 are located in developing agrarian economies. From the intra-state conflict that occurred in Africa since 1990, natural resources contributed at least 40 percent and from the 30 and above intra-state conflicts that occurred, land contributed a vital role in all except three i.e., more than 90 percent of natural resource conflicts are over land.

Land is a unique human resource. It can only be used for one purpose at a time. And at times once it is used for say a building, it cannot be used for something else. Land has economic, social and political significance. Land is also tied to identity. Land ownership, access and control is filled with symbolism. Land in Africa is more often than not an inheritance with significant cultural baggage.

There are so many more reasons why companies must pay particular attention to land in their community engagement especially at the point of arrival.

On arrival in the community, the company must make use of the report of Stakeholder Identification and Analysis, Sustainable Livelihood Assessment and Community Governance Assessment to assist it in understanding and negotiating land acquisition with the community.

Nigeria, like most African communities, has very complicated and complex land tenure systems. There is communal, family and individual land ownership. To make the matter more complex, there is the Land Use Act of 1978 which invests control over land in every state on the governor. Further, all minerals beneath the earth surface are under the control of the Federal Government of Nigeria. As if that is not enough, the process of acquiring land title deeds is as corrupt as it is cumbersome. Meanwhile property right is one of the most secure means out of poverty.

With all these features about land, any



company that would commence any Community Engagement process must take time to disentangle the land issue. Before arriving in the community, it is assumed that the company would have fulfilled all legal obligations concerning the land in which it is coming to operate. On arrival in the community, the company must make use of the report of Stakeholder identification and Analysis, Sustainable Livelihood Assessment and Community Governance Assessment to assist it in understanding and negotiating land acquisition with the community. At this point, existing community leadership plays a role. If the stakeholder identification and analysis was properly done, it would have identified the landowners on which the project would be located.

In negotiating land acquisition within a community engagement process, there are basically two options. First, is outright purchase and the other is a long-term lease. Whatever method it is, company must make sure that whoever is negotiating on behalf of any group are the genuine representatives of the group. In some instances, after the lump sum payment for outright purchase or long-term lease, the company may still pay some kind of token as annual rent.

Further, the landowners will also insist on special consideration for jobs, contracts, scholarships and development. This could become divisive as some community members who are not direct landlords may accuse the landowners of being selfish and greedy. An agreeable and fair sharing formula must be reached in order for everyone to win.

In conclusion, it is important to add that all the negotiations and payments around land acquisition in the community is not so to say a purely legal matter. It is more relational than legal. This is because, before mobilising to the community the company may have fulfilled all the requirements for land acquisition. In future some younger elements of the community may arise against their elders accusing them of selling out or poor negotiation skills. The company must be ready with an appropriate response because this almost always must happen.

One important point that has bogged down many land acquisition initiatives under community engagement mechanisms is when a piece of land is in dispute. The dispute could be between individuals, between and within families or between or within communities. This is a dicey one. Note that technically the company has acquired the land from the licensing process.

The first thing a company can do in this instance is to commission a Conflict



Analysis Project. A team of conflict experts would be put together to analyse the land dispute. The conflict analysis report will identify the parties, the causes of the conflict, how the conflict has evolved, how the parties have responded to the conflict and what has been some of the impacts. Depending on several variables, the company could initiate a resolution through a credible third party. But it should be mentioned that the company's grievance mechanism is not suited for this kind of dispute.

Another scenario is when the land in question is in court. Again, the company can also seek council from the JCCGMT to decide on what to do. The company may also approach the parties and suggest mediation. If they agree, the company or the mediators will ask the court for a long adjournment to enable them try for a resolution. This will be with the firm promise that if the mediators do not succeed, they will go back to the court.

P1-SO.9 Human Rights

Conducting an in-depth human rights impact assessment for effective CE. Some CE guides like the United Nations Guiding Principles on Human Rights and Business (UNGPs) suggest that human rights due diligence be conducted before the commencement of the project. This is good and it is often incorporated or done as part of the Environmental Impact Assessment (EIA). An EIA is a legal requirement both by government and most financial institutions. It is used to meet project approval requirements. EIA is not part of the CE process because it is done before the CE commences. However, it is important that the communities are involved in the EIA process since they are the ones to bear the brunt of environmental hazards.

Human Rights Impact Assessment is not entirely new; the International Covenant on Economic, Social and Cultural Rights calls for the “progressive realisation of the rights enshrined, implicitly requiring measurements of human rights and of the progress being made toward the full realisation of them.”

According to the World Bank (2013), HRIA is an instrument for examining policies, legislation, programs and projects to identify and measure their effects on human rights. HRIAs provide a reasoned, supported and comprehensive answer to the question of “How does the project, policy or intervention affect human rights?” Their fundamental purpose is to help prevent negative effects and to maximise positive effects. As such, HRIAs are an indispensable part of making human rights considerations operational in a range of legal and policy contexts.



Human Rights Due Diligence is conducted at this point based on some of the human rights issues that have been identified in Phase One and it is also used to project for Phase Two. As Kemp and Vanclay (2013) pointed out:

That human rights are relevant to business has been confirmed through the United Nations Human Rights Council's endorsement of the 'Guiding Principles on Business and Human Rights'. Special Representative to the Secretary-General on business and human rights, Professor John Ruggie, advocated awareness of 'rights-holders' and 'duty-bearers' and a shift from third parties "naming and shaming" companies as a way of addressing human rights harms to companies also "knowing and showing" how they are taking responsibility for their human rights impacts and managing their human rights risks. Consideration of human rights should therefore be central to impact assessment for private sector projects, especially those affecting livelihoods, environment, health, safety and security, land and property, culture and gender dynamics.

There are many reasons why a business should undertake Human Rights Impact Assessment of its project and operations. But the Danish Institute on Human Rights list the underlisted generic purposes:

- identify and address adverse human rights impacts (through meaningful engagement with stakeholders, data gathering and analysis, prevention, mitigation and remediation)
- contribute to effective human rights due diligence
- facilitate meaningful dialogue between stakeholders in a particular context; and
- empower rights-holders to hold businesses to account for their adverse human rights impacts.

In conclusion, there are many reasons why a HRIA is important at this point. This is because the business is beginning to settle and to take shape. The community, company and other stakeholders are also beginning to have a sense of shared identity and development in the survival of the business and prosperity for all. All HRIA must involve communities. It must ensure that it identifies adverse human rights impacts and looks at maximising positive impacts. The HRIA report is not for blaming anyone or pointing accusing fingers. Rather it is a document for planning, decision-making and risk-management.

Since human right generally is not the usual turf of business, the issue is who should carry out the human rights impact assessment? The company may decide



to use external consultants, but their in-house staff must provide quality control oversight. Again, like most other assessments, the design of the assessment is as important as the process and the eventual outcome. This very assessment must be approached from a Multi-Stakeholder perspective. It must be an inclusive process. It is also not an easy process. It is also fraught with many landmines. The World Bank supports this view when it observed that “the relationship between human rights, security, and development is by now well established. Translating international human rights commitments into domestic implementation also remain a challenge, not least because this is an inherently political process, and one which relates largely to context-specific dynamics of socio-political change.”

A HRIA is nothing but a mere document. But it can be made a worthwhile document if the company breathe life into it. This can be done by implementing the findings by putting in place effective mitigation measures that will address both present and future human rights issues. This is one of the ways the HRIA could become a credible tool for community engagement. To achieve this everyone's input is required and there must be sincerity on the part of the stakeholders to do the right thing. This may also be an appropriate time for a full-blown country-wide training on human rights.

P1-SO.10 Sustainable Community Development Plan

One of the most anticipated outcomes of the Sustainable Livelihood Assessment (SLA) and subsequent Sustainable Community Development Agreement is the SCDP. Since the SLA is a form of needs assessment, it must also put those needs in clear and understandable terms for further implementation. Through the SLA both the livelihood and community development needs of the community shall be identified. After this the community leadership could be called upon to prioritise the needs for implementation.

The SCDP does not only identify community development projects, it also proposes timelines for implementation and also suggests sources of funding for the projects. Usually a SCDP has a lifetime of about three years due to the changing dynamics of the community. There is need for periodic updates and amendments. Whatever shall be done on the SCDP, the community must be involved and where necessary take the lead.

It is also important for the contents of the SCDP to be validated in a town hall meeting or any other credible community consultation forum. This accords legitimacy to the plan and galvanises the community to take ownership for the



projects therein. It is important for the SCDP not to be seen as another company initiative. It must emanate from the community and driven by the collective will and solidarity of the entire populace. Where possible the community must contribute to its realisation even if it is symbolic. The SCDP will be a part of the company's CSR plan for as long as the operational relationship with the community(ies) subsists.

P1-SO.10A Community Based Institution Building (CBIB)

It is important that a Community Based Institution Building (CBIB) approach is followed in designing the SCDP. The CBIB must take into consideration the actual needs of the community and seek to empower all groups, especially women and youth, on productivity, rights and responsibilities and opportunities. The company is to bear in mind that this will manifest such that the community and its driving CBO or CDB become self-reliant, vibrant and progress institutions that take the lead at the local level, to drive relevant and result oriented development initiatives.

P1-SO.10B Sustainable Community Development Agreement (SCDA)

A community development agreement, community under the framework of a Global Memorandum of Understanding or Memorandum of Understanding or Participatory Partnership Strategy (PPS) - as is the case for Production Sharing Agreements (PSA) - or Integrated Community Development Project (ICDP), ought to have been outlined and agreed at the onset of the programme. Of the lot in Nigeria, the GMoU is the most popular for its focus on participatory development and ownership of development by the people. IN other parts of the world, agreements such as the IBAs have worked successfully for the same reasons as well as because they are legally binding. Whatever approach a company decides to adopt is entirely up to it. In these standards, our aim for the Sustainable Community Development Agreement (SCDA) is to point out that:

- there is a signed agreement from the onset
- all relevant parties – including deep consultations with the general populace themselves - were duly consulted
- the agreement should be equitable
- the agreement will be adhered to, and should legally binding for all parties involved
- the agreement is duly overseen by an independent community development board or community-based organisation.

We have added the term 'sustainable' to the agreement, to emphasise the need



for whatever agreement to be solid enough that it satisfactorily transcends administrations. This is also applicable to its use on the Community Development Board.

P1-SO.10C Sustainable Community Development Board (SCDB)

A Sustainable Community Development Board (SCDB) based around various members of key stakeholder group positions – not persons – is recommended. A holistic and functional SCDB will be made up of government – local and state – company representatives/leaders – men, women, youth and any other marginalised groups, CSOs. It will be chaired by a community leader selected transparently. It will be responsible for oversight but will not influence the process of contract award or selection of community development initiatives. SCDB members should be unbiased, ethical representatives of the different segments of the stakeholder groups which they represent. Their role should be strictly advisory and monitoring.

As sustainable communities tend to focus on environmental and economic sustainability, urban infrastructure and social equity, a well constituted CDB will focus its sights on those parameters.

A SCDB ought to:

- be unbiased have a clear vision/mandate
- be made of individuals of high intellectual and moral value of the diverse community groups, business and government (federal, state and local, if possible)
- focus on sustainability of proposed initiatives, bearing in mind the possible tenured nature of company operations
- be responsible for releasing intermittent and timely reports as agreed – monthly, quarterly or annually
- oversee monitoring and impact assessment.



P1-GO Governance

Every community has a system of governance or a governance structure. The leadership or governance body of a community is responsible for making key decisions and implementation of plans that affect life in the community. The governance body of a community is crucial to every community engagement, process as they are the stewards and harbingers of events and planned activities in the community. Governance model, governance structure and the components of the intended community for engagement, should be carefully studied so as to decipher the community engagement strategy that would be appropriate. The governance body of a community is usually the first port of call for every community engagement activity and efforts should be made to ensure that due diligence is done to avoid early or future disruption, as this dictates the tone for the success or otherwise of community engagement. Company-community-government governance models would need to be formed for the new relationship.

P1-GO.1 Community Governance Assessment

This is not a popular and traditional community engagement tool. In fact, it is not available in mainstream literature. Community Governance Assessment (CGA) is a product of experience. During an engagement with some communities in the Niger Delta on the Voluntary Principles on Security and Human Rights, some community members were asked to identify who they will go to if there was a problem in the community. Some said they will go to the militant leader based in the community. Others said they will report to the traditional ruler, while others opted for the youth leader.

According to that report, a mapping of the Community Governance structure indicated that the traditional ruler is at the apex, followed by the Council of Chiefs, followed by the Council of Elders of Each Quarter and finally the various family heads. There was therefore a clear indication that many community members do not understand clearly the community governance structure. This activity is a little more technical than the other tools used in the CES. It therefore requires a skilled facilitator. The main strength of the CGA is the design of the assessment.

The essence of CGA is to understand how a community is governed. It identifies the various governance structures, maps the relationship between them,



analyses their powers and understands their origins and evolution. This enables whoever is engaging the community to know who to approach to do what. It also helps in understanding how the various governance structures came into being and what events led to their coming into place.

CGA could be done by an external consultant but it must be properly designed. In fact, when one engages in CGA, there is a tendency for some community members to either through ignorance or mischief to mislead the assessors. There are many reasons for this. For instance, if a group is aware that a project is coming, they could organise themselves to achieve relative visibility to enable them to be recognised in the new scheme of things. At times a community may be fractionalised because of an issue and it may be that it is at this point that the company is making its entry. CGA could help in understanding the nuances of these developments. CGA helps to understand which community governance structures are temporary, ad hoc, permanent, standing etc. It also helps in mapping the functions and boundaries of every governance structure in the community.

P1-GO.2 Community Leadership

A very good question to ask is: Why is it that 'community leadership' is not included in the discussion on community governance assessment? The simple reason is that they are not the same even though they sound similar. When a company arrives any community, it meets a leadership in place. It must for the mean time work with this leadership whether legitimate or not. Second, a company may not have all the full facts as to how this present leadership emerged. This present leadership must be identified as part of the CE process. The company must also develop strategies for working with this leadership until they verify legitimate leadership.

Many companies have had to create parallel governance structures when they enter a new location. This has been used when it is perceived that the current leadership lacks credibility and legitimacy. A company may find itself in a dilemma if the community is fractionalised with leadership contestation.

One way companies have managed this dilemma has been to create a governance structure for their CE initiative. This governance structure will then have to engage the existing community leadership. This has not been easy, but it has been the situation and a company that values excellence must find a way around it.



In making an entry and staying in a place to operate, a company must have a governance that supports its CE initiative. Getting this is not an easy task especially in a dynamic environment like the Niger Delta. What a company does to a large extent depends on the laws of the land, company CSR Policy and the peculiar nature of the community among others.

P1-GO.3 Nigerian Laws and Laws of the Land

As noted in the section on an 'Overview of CSR', one of the responsibilities of corporate bodies is to obey Nigerian laws and regulations (federal, state and local) governing all aspects of business enterprise, in totality. They should also understand the laws, norms and culture of the land where they intend to operate or are operating. There are also other international and regional regulations that the company must also comply with. For instance, the United Nations Guiding Principles on Business and Human Rights is a robust international instrument that could assist companies in community engagement. Many national, regional, state, local and community legislations also provide guidance for community engagement. In some communities, they have also developed codes and regulations that guide their relationships. It is also important for companies to take cognisance of this in their community engagement. All of the above shall help companies to align their community engagement appropriately and maximise the benefits of being law-abiding. One of the most critical benefits of aligning community engagement with the laws of the land is that it helps companies to be aware of the various grievance mechanisms available and, their strengths and weaknesses.

P1-GO.4 Inclusive Governance

Whereas, the term governance is a decision-making process that gets more people and stakeholders involved with aim of coming up with common good decisions that satisfy the majority; inclusive governance, through communities' involvement, favours the overall acceptance and makes implementation easier. Inclusive governance also addresses participatory governance, which would entail the involvement of the communities in decision-making, which in turn, will enable governance to gain greater acceptance and tackle new issues. In order to reach the most satisfactory decision, a three-step decision-making process can be implemented: This includes:

- **Information:** Readily providing information to host communities in a timely and transparent manner. Information could cover revenue, security threats, or any challenges or victories
- **Consultation:** asking their opinion on any and all issues relating to aspects of the operations that directly, or sometimes, indirectly affect the community



Dialogue: Following information sharing and consultation, iterative dialogue is necessary to keep up with any changing dynamics, in order that the most satisfactory decision for everybody at every point is arrived at.

Inclusive governance remains a vital tool in conducting effective community engagement and for fostering peace.

P1-GO.5 Grievance Mechanism

The peacefulness of a community is not determined by the number of disagreements between the members but by the availability, accessibility and effectiveness of its grievance mechanisms. In Phase One of the CES, a key ingredient in the design is the establishment of a Grievance Mechanism.

IFC describes a company/community grievance mechanism as thus: A locally based, formalised way to accept, assess, and resolve community complaints concerning the performance or behaviour of a company, its contractors, or employees (IFC 2011).

There are many types of Grievance Mechanisms. Some are judicial, while others are non-judicial. Some are state-based while others are non-state-based. What is being recommended here is a Grievance Mechanism set up by the company as an accompaniment of its CE strategy. Companies usually have two kinds of Grievance Mechanisms. First, is what is known as 'Headquarters Grievance Mechanism' while the other is known as 'Operational Level Grievance Mechanism.' The operational level Grievance Mechanism is the one domiciled at the site of activities or to put it blandly in the community.

This grievance mechanism is designed to address issues that arise out of the daily operations of the company. Prof. John Ruggie – the UN Secretary General Special Representative on Business and Human Rights made a robust case for it in the United Nations Guiding Principles on Human Rights and Business (2011).

One of the criticisms of this initiative is that the accused companies are left to address the grievance. This criticism is unfounded and is based on a lack of understanding of the Ruggie recommendation. Though the Grievance Mechanism may be located in the company operational level location, it may also be fully funded and managed by company staff, it is a Multi-Stakeholder Platform that involves different groups from the community.



The Grievance Mechanism is made up of men, women and youth from the community. There are also company representatives. More often than not government officials are also members of the Grievance Mechanism. It is advisable that community members choose their representatives on the mechanism but with clear guideline that recognises diversity. For the sake of freshness, members could have tenure of between two and four years. And they may be appointed for only two terms.

One thing that is important to note is that The headquarter's Grievance Mechanism acts as an appellate court. If anyone feels dissatisfied with settlements reached at the operational level grievance mechanism, they can refer to the headquarters one.

After they have been appointed and inaugurated, they must be trained and rules guiding their work must be clearly spelt out. Penalties for infractions must also be clear. It may be important to state that part of the function of the operational level grievance mechanism is to act as referrals for cases. For instance, there may be issues which the grievance mechanism may not be in a position to handle, they may refer same to the appropriate agency and keep a watch on the progress and inform the parties regularly. The group could also be used to sensitise community members on issues as they arise from the operations of the company.

In conclusion, Prof. Ruggie in the UNGP developed eight effectiveness criteria for grievance mechanisms. Companies may do well to use this in designing the grievance mechanisms.

Justifying the use of the eight effectiveness criteria, Prof. Ruggie argued that, "a grievance mechanism can only serve its purpose if the people it is intended to serve know about it, trust it and are able to use it. These criteria provide benchmark for designing, revising or assessing a non-judicial grievance mechanism to help ensure that it is effective in practice. Poorly designed or implemented grievance mechanisms can risk compounding a sense of grievance amongst affected stakeholders by heightening their sense of disempowerment and disrespect by the process" (UNGP, 2011, p.34).

Effectiveness Criteria of Grievance Mechanism

According to Budd and Colvin (2008) two main criteria have been used to evaluate the effectiveness of grievance mechanisms. They are speed and satisfaction. This has primarily been applied to employee grievances. The



expansion of the definition of company stakeholders has also led to the broadening of the criteria of effectiveness.

P1-GO.5A Legitimacy

An effective grievance mechanism could be said to be legitimate if it has “a clear, transparent and sufficiently independent governance structure to ensure that no party to a particular grievance process can interfere with the fair conduct of that process’ (Rees, 2011, p.9). This implies that the mechanism will have a clear administrative structure that is designed in such a way that no party that is using it could have an advantage over the other.

P1-GO.5B Accessibility

The next criterion identified by Prof. Ruggie is that of accessibility. In this instance, accessibility has two aspects. First, is that of stakeholders knowing that the facility exists and that they can use it. In other words, that the facility is meant for them. Second, is that the facility is physically accessible. Accessibility here means also proximity and convenience to reach the facility. It also involves understanding how to use the mechanism.

P1-GO.5C Predictability

Predictability, as an effectiveness criteria of a grievance mechanism, involves both process and outcome. First, the intended users must be sure that it is “providing a clear and known procedure with an indicative time frame for each stage, and clarity on the types of process and outcome available and means of monitoring implementation” (UNGP, 2011, p. 33). What this criterion is simply saying is that if one files a complaint, s/he should be certain that within two weeks there will be a response acknowledging receipt of the complaint. Second, within say another one week, one will get a response indicating whether the issue shall be handled or not. Apart from this one should also know in advance what will happen if the complaint is successful or unsuccessful. These are some of the components that make a grievance mechanism effective.

P1-GO.5D Equitability

By being equitable, the facility is “seeking to ensure that aggrieved parties have reasonable access to sources of information, advice and expertise necessary to engage in a grievance process on fair, informed and respectful terms” (ibid). This implies that the facility must ensure that those who shall use it, have access to the same resources that shall enable them to make their case. For instance, if one wants to apply for a variation in contract cost, he/she must have access to the



procedure for applying for variation. When two contractors are applying for variation, this information shall be made known to both parties in a manner that is equitable. On the other hand, parties may need scientific information or specialised data for the hearing of a complaint, this must be provided (Reese, 2011, p.19).

P1-GO.5E Transparency

A facility is said to be transparent when it is open for everyone to see and know what is happening. The UNGP suggests that transparency involves “keeping parties to a grievance informed about its progress, and providing sufficient information about the mechanism’s performance to build confidence in its effectiveness and meet any public interest at stake” (ibid). For any grievance mechanism to be effective to inspire confidence in its intended users, they must be informed of the progress of a complaint so that they will know what is going on. If for instance, there are issues delaying the progress of a case, they should be informed. If there are administrative issues that may affect the timing and outcome of the case, they should also be told. The essence of this is that by being transparent it builds the confidence of the public in its effectiveness in responding to issues.

P1-GO.5F Rights-Compatibility

This is another criterion to measure the effectiveness of grievance mechanisms. According to the UN, human rights are those entitlements that are due to us as human beings. And they are universal, inalienable, indivisible, interdependent and inter-related. This criterion, therefore, insists that a grievance mechanism could be said to be effective, if it is rights-compatible, that is “ensuring that outcomes and remedies accord with internationally recognised human rights. The standards for ensuring this include: the UN Charter, the Universal Declaration on Human Rights, human rights instruments to which the state is party to, voluntary pledges and commitments made by a state including those undertaken when presenting candidates for election to the Human Rights Council and applicable international humanitarian law. Other applicable instruments include the Africa Charter on Human and People’s Rights and the Constitution of the Federal Republic of Nigeria. So, for a grievance mechanism to be said to be effective it must ensure that the outcomes and remedies are in accord with the provisions of the above human rights instruments. If it is not in compliance, then the facility is said not to be effective.



P1-GO.5G Continuous Learning

The environment in which businesses operate today is a dynamic one. The changes are quick and almost dizzying in speed. Prof. Ruggie advises then that for any grievance mechanism to be effective it must be “drawing on relevant measures to identify lessons for improving the mechanism and preventing future grievances and harms.” This means that the grievance mechanism must monitor and track its activities, and periodically review them to see what they are learning and how that can be used to improve the facility or even the company operations as a whole.

From a peacebuilding perspective, it was suggested that the facility must be “preventing future grievances and harms.” This implies that for a grievance mechanism to be effective, it must have in-built in it “early warning mechanisms to prevent future grievances and harms. Second, there must be provisions for monitoring, tracking and evaluation of lessons learned.

P1-GO.5H Iterative Engagement and Dialogue

The IFC has developed guidance notes and practice guides on stakeholder engagement and dialogue. In fact, this underscores the importance of this criteria. According to the UNGP, any grievance mechanism that could be said to be effective must be “consulting the stakeholder groups for whose use they are intended on their design and performance and focusing on dialogue as the means to address and resolve grievances. This criterion makes provision for consulting the stakeholders on the design of the mechanism. Second, the grievance mechanism must use dialogue as a means to address and resolve grievances. If it is doing this, then it is effective, if not, it is not.

P1-GO.6 Reporting

Key to harnessing the focus of all sustainability endeavours, is the establishment of a sustainability framework and reporting schedule. Companies are encouraged to report on all material aspects of local activities annually – or quarterly - in line with recognised local or global standards. Reporting amongst partnering stakeholders in a transparent and public manner is fundamental for companies committed to sustainability. When writing a report for various stakeholders, it is important to remember that audiences differ and as such communication may need to be simplified and to be made available via different media and in local languages. For accessibility, it may be advisable for the reports to be available on a dedicated SCDA online portal or at the very least, on the company’s website.



The following questions may also need careful thought:

- Which areas of SCDP will the report primarily focus on?
- Am I meeting all regulatory requirements in my systems and processes – NCDMB Community Content Guidelines, Ministry of Environment EIA requirements, DPR guidelines?
- Is my reporting in line with best practice standards – impartial, complete, credible?
- How will it be reported and with what systems? (Tools, technology, partnerships for elevated platforms)
- When will reports be developed and published? (Timelines, key activities and responsible parties)
- Who is the target audience for the report? (corporate organisations, NGOs, foundations, social investors)
- What communication media are required? (Web, print, social media, TV)
- How will participating companies be selected for ranking and reporting? (selection criteria)
- How will data be gathered, scrutinised and evaluated? (Monthly, quarterly, annually? Research, data gathering & evaluation techniques, publicly available data, data credibility, etc)
- How would data quality be guaranteed? (quality assurance standards)
- How will the impact of the report be measured? (Output vs. Outcome reporting)



P1-EC Economy

Effective community engagement requires a critical assessment of the economic environment in which the project implementation is to take place. It also requires that implementing stakeholders' access local community capacity to ensure full rather than partial participation in the process.

Complaints from community persons engaged in the framework development bordered on the destruction of livelihoods, and the ill-advised and low-quality implementation of capacity building, without recourse to sustainable financing for success; leading to instances of extreme poverty. The CE framework looks at two critical aspects of a community's economy that should be directly addressed by operating companies, namely: Sustainable Livelihood Assessment and Environmental Impact Assessment.

P1-EC.1 Sustainable Livelihood Assessment

Professor Tim Finan, of Arizona State University Bureau for Applied Research, told a story of how communities residing along the Chad/Cameroon Gas Pipeline were paid some money as compensation and how soon after the money evaporated, they were up in arms against ExxonMobil, the project promoters. Companies throw money at problems. Maybe because companies by nature are profit-driven. But there is more to relationships than money, especially where livelihood is involved. Whatever any company does, if it does not pay close attention and take deep interest in the livelihood of host, impacted and access community members, the company could never be said to be responsible, and if a community is not responsible, it will never be profitable. Furthermore, if a company is not profitable, that company can never be sustainable.

Part of the Phase One activities in the Community Engagement process is to conduct a Sustainable Livelihood Assessment. This is a simple process of ascertaining how different community members earn their living. The main essence of this is to manage the disruptions and dislocations that the new project will cause to their livelihood systems. The onus is on the company to make arrangements for an alternative. To be able to do this, the company must understand how the community members earn a living in the present.

Before now, many companies have made the mistake of simply giving money to community members to go and start something. The failure rate of such



initiatives has been colossal. This is because people can only do what they know how and if you want them to do something else they must be trained, mentored and guided. For instance, if a community is traditionally known for poultry farming, it would not be advisable to give them money and ask them to move elsewhere and do the same. They may be provided inputs like day old chicks, feed, drugs, etc. Managing money, especially an amount that someone is not used to, could be a difficult task.

It is also important to underscore why it is known and addressed as Sustainable Livelihood Assessment. The sustainable in the nomenclature implies that some livelihoods may not be sustainable. For instance, when a company enters an area, many community members will jostle for jobs and contracts. Contracts and such temporary jobs are not sustainable because at the end of the project, they end. People may generate capital from contracts and invest in something that is more sustainable.

The concept of being sustainable, therefore, implies what kind of livelihood system the community environment could support. This is not to suggest that people may not innovate or do something new. But they must be prepared for any new livelihood methods. They must also be supported on this new adventure.

So, the task before the assessors is to ascertain what kind of livelihood the community environment has supported over time. Second: How do different segments of the community population earn their living? What is the economic relationship between the community and all others around it? It might also be necessary to find out what employment and income-generating programmes the government have been involved in. In every community men, women and youths may engage in different economic activities to support the family. This needs to be surfaced. It would also be important to find out what the people buy from outside, what they sell, and what they produced locally. It is also important to establish their pattern of consumption and the average income per household. This information helps in planning and decision-making.

P1-EC.2 Benefit-Sharing: Contracting and Employment

Contract, employment and scholarship all fall under benefit-sharing. Even though there may be others like direct cash payment, payment to the elderly, provision of subsidised health and transport facilities, etc. Other benefits include capacity-building for some specialised skills, micro-credit schemes and grants for



enterprise promotion.

There are primarily two types of benefit sharing in the extractive industries. The first could be referred to as national or central. This is the system whereby the government gets rents, royalties, taxes, signature bonuses, etc. The second is the sharing of benefits at the community level. This one could also be classified into two namely: monetary and non-monetary. In this CES, the concern is with the sharing at local or community level. It also includes monetary and non-monetary benefits.

Looking at it more closely there are some clarifications that need to be made in the classification of benefits. First is the benefit that accrues to community members to ameliorate the hardship and discomfort caused by the extraction of minerals. This is called compensation in legal parlance. The kind and quantum of benefit is directly proportional to the harm suffered. For instance, if the company wants to acquire land, they may pay for income-generating trees and other assets on the land. This strictly speaking, does not equate to benefit sharing, but it also may fall into the category because this kind of issue has the capacity to rupture relationships between the company and community. Moreover, this is more often than not exclusively managed by the company.

The other type of benefit is that which accrues to the community directly as a result of mineral exploration. This kind of benefit is paid whether the community suffers any direct or explicit harm or not from mineral exploitation.

Some of the challenges of benefit-sharing administration in weak governance zones like Nigeria, pool around issues of government responsibility, trust and transparency. Second, is to what extent the benefits trickle down to the community members. For instance, there is the 13% derivation fund for states and communities that produce oil in Nigeria. Ordinarily, this ought to be one of the best models of benefit-sharing because it is a hybrid of both legal and discretionary. But the management of this 13% derivation fund has been mired in controversy and discrimination. Communities that produce oil accuse the government of using the derivation money to develop areas that do not produce oil. At times, the entire fund is flagrantly mismanaged.

With this kind of scenario, there is the need in the CE process to design innovative ways of benefit-sharing. In doing this there are some principles that must guide it. First is that it must be targeted at direct community beneficiaries. Second, the



sharing and the benefits must also be targeted at **community and individual development**. It must also be managed in such a way as to be sustainable. It must target ameliorating of harms caused by oil exploration while providing long term economic benefits and development. The sharing of benefits must be fair and guided by equity.

This is important because data from the field point out that a sense of unfairness and inequity in the sharing of benefits have led to such incidents as pipeline vandalism and oil theft. This sense of denial and unfair treatment has led community members to engage in unwholesome activities with the aim of getting or participating in clean-up contracts and other sundry revenue-generating activities.

The benefits being talked about in this CES are those managed by the company. It is also defined by the company. Under CSR discourse, it falls under discretionary responsibility. But in some areas, it is also a legal responsibility. The company must be innovative and careful in benefit-sharing because it is the company that will bear the consequences of a badly managed benefit-sharing arrangement.

The company in this instance could be the license holder, an operator, or sub-contractor. In this instance, we will take the company to mean operator. This is because the operator has the responsibility of day-to-day management of the site(s). This does not indemnify the license holder, if different, as the operator is their representative on site. The sub-contractor, who is advisable to be a member of the community as much as possible, will need to be given appropriate guidance and ongoing oversight through the duration of their service.

To help the company to share benefits in an even-handed manner, the usefulness and importance of the reports from stakeholder identification and analysis, livelihood assessment, land acquisition and other interactions, come in handy. Some good information could also be gleaned from the community governance assessment.

Perhaps, the first task before the company, is to clearly define the benefits to be shared. This is usually from the company or community engagement budget. In this Phase One, the company is not producing yet, and no harm has been recorded so far. Second, the company has also not started making profit. All these will need to be taken into consideration.



In the sharing of benefits, it is advisable for the company to allow the community to take the lead...But the company must also provide oversight and quality control.

Data from the field indicate that it might be best to have a hybrid of benefit-sharing. First, one could be institutional while the other may be individual. The company may establish a kind of trust fund that would be managed by a multi-stakeholder board of trustees. This trust fund shall be used for such activities as community development, scholarship, etc. Then there would also be other direct benefits like seasonal gifts, payments to elders and the infirm, etc.

In the sharing of benefits, it is advisable for the company to allow the community to take the lead since they know themselves. They know who the host, access and impacted communities are. They also know who owns the land and who an indigene and tenant is. But the company must also provide oversight and quality control. At times, the sharing could also be done through negotiation. As much as possible, the company must try to insulate itself from directly participating or masterminding the sharing.

In conclusion, it is important to emphasise that employment in this Phase One has different components which must be taken into consideration. First, most of the jobs that would be available at this stage may be from the contractor. This implies that the jobs may end when the contract is completed. May be a few may be permanent but again with the contractor. The company should never shy from providing oversight at this stage, because whatever happens shall impact the company's hiring when the contractor exits. This same applies to contracts as well. This is important because at times some contractors spoil relationships and leave their principals to clean up the mess.

Detailed research via the use of qualitative and quantitative instruments is required to answer these questions.

P1-EC.2A Contracting

It is advisable that as many company contracts as are attainable, are sub-contracted to the community which hosts them; that is if the company has qualified personnel to handle the activity. This is why we hve suggested that the contracting process is open and accountable (See Technology for Open Contracting Data and Monitoring). That way, there is a clear trail if the company



has been unable to choose a contractor for the community and vice versa.

In Phase One, it must be borne in mind that most of the harm is wrought by contractors. The question then is: Does the contractor have the resources? Was this factored into the contract? This is a very important aspect of stakeholder engagement. Contractors should have SLAs for implementing company business, including adhering to local content laws, and subsisting community-level agreements.

P1-EC.2B Employment

It is important to emphasise that employment in this Phase One has different components which must be taken into consideration. First, most of the jobs that would be available at this stage may be from the contractor. This implies that the jobs may end when the contract is completed. May be a few may be permanent but again with the contractor. The company should never shy from providing oversight at this stage, because whatever happens shall impact the company's hiring when the contractor exits. In analysing the employment status of the host community where the CE is intended to take place, key questions to be posed include the following:

- Number of gainfully employed persons
- Number of unemployed persons
- Number of under employed persons
- Male to female employment ratio
- Reasons for unemployment or under employment
- Possible modalities for ameliorating the unemployment situation.

P1-EC.2C Scholarship

A scholarship is an award of financial aid for a student to further their education. This should be part of the Sustainable Community Development Plan. We recommend that a scholarship sub-committee, comprising individuals with high moral values, be set up under the Community Development Board to oversee the process and to ensure transparency and equitability. The award sum should be commensurate with realities and reviewed periodically to reflect changes in the larger society. Some criteria should be agreed upon, communicated to, and applied across board when selecting scholarship recipients.

P1-EC.2D Training and Development

Community training and development enables community members to identify their own individual and collective goals, to engage in learning and take action to



bring about change for themselves and their communities. We recommend a training manual and schedule for the period to be included in the SCDP. Individual training and development needs should be assessed, and training objectives should be achieved as well as method of training delivery. It should incorporate formal and informal methods of training and social development. Impact of training and development should be monitored periodically, and support provided before, during and after training to ensure full benefits of training outcomes.

P1-EC.3 Technology for Open Contracting Data and Monitoring

The use of technology for open contracting data and monitoring storing and disseminating agreement related data is very necessary. This CES recommends the development of a web portal for storing and updating content relating to the SCDP, EIAs, reports from activities of CBOs and/or CDBs and any other agreements with host communities. The portal may also be used for open bidding for contracts amongst community members and any other third party. Full disclosure will be given for every bidding, contract, agreement, milestone payment or project delivery process. A company may choose to have one portal that services all of its communities, or all of its communities in a particular location. It may also choose to have a dedicated portal to each facility it operates.

Benefits of open data include:

- to avoid corruption
- over spending
- to hold all parties accountable
- to keep transparent records of transactions and agreements
- many abandoned projects and white elephant projects
- to improve the quality of goods, works, and services ultimately delivered to communities.

In order to do this work effectively, civil society would have access to contracting information, space to operate, and a mechanism by which to deliver feedback to decision-makers and achieve results. A recommendation is for the portal to be managed by a third-party civil society organisation, consultancy or other independent body.



P1-SE Security

Security is perhaps one of the most important in the hierarchy of human needs. The Longman Dictionary of Contemporary English describes security as “the activities involved in protecting a country, building or person against attack, danger, etc.” It also goes on to say that security is protection against something that might happen in the future, the state of feeling happy and safe from danger or worry. Security could be relational or structural. In CE for security to be sustainable it must include both. It is also important to add that part of security is to understand what happened in the past and put in place mechanisms for preventing such from happening again or minimising the impact if it eventually happens.

P1-SE.1 Human and Health Security

The concept of security has been widened to include human security and health security. United Nations Development Programme first used the phrase 'human security' in 2003. This concept refers to a new standard of security that emphasises the universal wellbeing of individuals, which is away from the former, of conception security, that focuses on security for national boundaries and their leaders. But as Carol Bellamy noted while welcoming the UNDP Human Security Report “none of us is secure unless all of us are secure.” Human security focuses on protecting individuals and communities from all forms of violence including hunger, disease, human rights violations, etc.

The founder, Inclusive Security Association (ISA), Swanee Hunt, who was also US Ambassador to Austria 1993-1997, reinforced the view expressed by Carol Bellamy, saying “We envision a secure world in which policy makers turn not only to men, but also to women and civil society groups to prevent violent conflict and ensure just and lasting peace.” Another name for describing what Hunt and Bellamy is advocating is “inclusive and collaborative security.”

In designing a security arrangement within the framework of CE, there are some questions that we need to address:

- What are some of the security threats that are unique to the community?
- What are we securing?
- Who are we securing?
- What are the sources of threats?



- Why do we secure?
- How do we secure?
- Who is responsible for securing?
- What is the security strategy for the entire region where the community is located?
- What are some of the best practice case study of security that we can learn from?

To be able to answer these questions satisfactorily, the company must conduct Peace and Conflict Impact Assessment (PCIA). This assessment may be conducted by an external consultant. It is through this assessment that an appropriate security infrastructure could be put in place in the community. Whatever may be the case, the company must avoid a security arrangement that alienates the community and focuses on protecting the company and its assets only. The company must also take into cognisance the strategic place of oil and its assets in the scheme of things in Nigeria. As Cyril Obi (1997, p. 9), “Oil, therefore, remains the ultimate prize in Nigerian politics and constitutes the core interests of state control and security.”

In designing and deploying security, many companies have almost always focused on the risk that communities pose to their investments and operations. This is a mistaken conception of security in the CES. The guiding philosophy for security in the CES is what Carol Bellamy said, “None of us is secure unless all of us are secure.”

Security in Nigeria is a little bit more complicated, especially in the oil-bearing communities. As Cyril Obi puts it, “Oil, therefore, remains the ultimate prize in Nigerian politics and constitutes the core interests of state control and security” (Obi 1997, p. 9). To underscore this, Mahbub ul Haq reinforced this view when he wrote that “the world is entering a new era of human security in which the entire concept of security will change dramatically...in this new conception, security will be equated with the security of the individual, not just security of nations or, to put it differently, security of people not just security of territory, we need to fashion a new concept of human security that is reflected in the lives of our people, not in the weapons of our country” (1994, p.1).

Collaborative and inclusive security is a new kind of security that coordinates nodes to perform specific security actions in order to enhance the security of networks or whole systems. Over the past few years, collaborative and inclusive



security has proven to be an effective and durable approach to detect vulnerabilities, prevent attacks, and protect sensitive information. More recently, research on collaborative security has markedly increased – Seigneur & Slagell (2009). Inclusive and Collaborative security is a strategy for realising human security. “The success of collaborative security relies on not only its ability to address the challenges of traditional security, but also the accuracy and efficiency of security analysis. An implementation of collaborative security must be mindful not to introduce new security vulnerabilities” (Meng et al 2015).

After the PCIA is done, it is advisable for the company to use the guidelines in the Voluntary Principles on Security and Human Rights in designing its security arrangement. It might be worthwhile to pay attention to the following components of the Voluntary Principles (Vps):

- Risk assessment
- Identification of security risks
- Potential for violence
- Human rights records
- Rule of law
- Conflict analysis
- Equipment transfers
- Interactions between companies and public security
- Security arrangements: “Companies should consult regularly with host governments and local communities about the impact of their security arrangements on those communities.”
- Deployment and conduct: “The type and number of public security forces deployed should be competent, appropriate and proportional to the threat.”
- Consultation and advice
- Responses to human rights abuses
- Interactions between companies and private security

Inclusive and collaborative security strategy is based on the fact that security is a fundamental need, shared by individuals, communities, businesses, and governments alike, and acknowledging the difficult security issues faced by companies operating globally, we recognise that security and respect for human rights can and should be consistent; therefore, security arrangements must be:

- based on dialogue
- a source of employment for community members
- a source of continuous learning
- context-specific
- multi-sectoral in approach



- focussed on addressing the relational and structural aspects of security
- long term, systematic and sustainable
- constituted of an effective Grievance Mechanism.

P1-SE.2 Community Co-Monitoring (Security)

Oil theft and pipeline vandalism is one of the main issues facing the Nigerian oil and gas sector. It signifies the leakages in oil revenue through theft and vandalism which has now become a national shame and embarrassment. Oil pipeline vandalism is principally motivated by the criminal intent of the vandals who break into pipelines to drill products for pecuniary gains. It can be deemed to be an organised crime as it is carried out with the collusion of private and government forces in a meticulously planned fashion. The magnitude of oil theft was underscored on November 1, 2011, when the Nigerian House of Representatives mandated its committee on Petroleum Resources, upstream and the Navy to conduct an investigative hearing on the continued stealing of the nation's crude oil through illegal bunkering. In a motion titled 'Unprecedented upsurge of illegal bunkering activities in the Nigerian coastal region', a law maker said that the activities of illegal bunkerers posed a serious threat to the nation's economy. He went on to add that between 150,000 to 200,000 barrels of oil were stolen on a daily basis which costs the country millions of dollars in lost revenues.

Community co-monitoring is ideally driven by local information needs and community values, to increase the accountability and quality of social services such as health or development aid, or to contribute to the management of natural resources. Within the community monitoring framework, members of a community with oil facilities and infrastructure can be trained and contractually co-opted, along with third party specialised security agents, to ensure the security of the pipeline, building or other facility, and then feeding back to the organisation through the prior approved channels. Even more importantly, community members become economically empowered when they are contracted to oversee security detail.

Community co-monitoring will not only generate the appropriate information for effective delivery, but will also foster strengthened local decision-making, community capacity and effective community participation in project implementation, which will lead to huge revenue savings for companies.



CES-P2 Phase Two: Plan for the Long Term

The evaluation of Phase One activities will, to a large extent, determine Phase Two initiatives. However, there are signposts to indicate that the CE process should move to Phase Two.

1. The principal company has mobilised to site.
2. Some level of production has commenced.
3. The initial contractor has completed its work or made good progress.
4. Direct or principal company staff are beginning to take their place on site and are reporting for duty regularly.

At this stage, a few things may change. The essence of this phased approach is to enable and understand this transition. Second, is to note that new initiatives may evolve to confront these new challenges. The approach may also differ due to certain changes in the polity, generally. For instance, there may be a change of government through elections. The community, for instance, may have a new crop of leadership, etc. The evaluation of Phase One activities shall bring all these to the fore. There is the need to carefully analyse all these and put them within the context of the CE with a view to understanding and responding to them.

P2-Define Define Goals and Issues for Phase Two

The first activity here shall be to define the goals and issues that will shape Phase Two. It should be borne in mind that a lot will depend on the outcome of the evaluation. The goal of this phase shall be predicated on the fact that the company is gradually settling in.

There is also increasing focus on company activities. In the process of Phase One, some mistakes may have been made and companies would need to carefully look through how they were corrected, if the problem had been thoroughly and satisfactorily addressed. Companies would also look through what lessons have been learned from the highpoints of Phase One.

Part of the goal of Phase Two is to consolidate on the gains of Phase One and fine-tune what has been done. One critical evaluation activity will be to review all the cases that were referred to the Grievance Mechanism. This is to enable patterns and trends with a view to knowing the kind of policy and administrative intervention that may be put in place.



Another important aspect of Phase Two is to establish some form of objective criteria for allocating project funds and sharing of other benefits. This is important because it is assumed that things are beginning to stabilise in Phase Two. Depending on the time lag between Phase One and Phase Two, some of the governance structures contemplated for the CE may be in place and working. Some capacity-building activities are also expected to have been carried out.

P2-Appraise Appraise Company CE Team Performance

If the company Community Engagement Team did set some benchmarks for measuring its performance, this is the time to appraise that. One unfortunate issue that has incapacitated most CE processes is when the team approaches it from a "task and target" mind set. In other words, if the indicators for success is to tick a checklist, then the depth and breadth of the CE process may be difficult to discern.

In appraising the performance of company CE team, the starting point might be to look at the capacity of the team. Second, is to look at how organic the team has been in performing its assigned roles. Third is to examine the relationship between the team members and other stakeholders especially community members. Four, will be to see how far they are applying the lessons they have learnt in the field. And finally, is to look at tangible results in terms of specific issues. For instance, it may be worthwhile to see how many community-induced production disruptions happened in the course of Phase One. In other words, were there instances where community members prevented the contractor from performing its task? Were there security breaches? If yes, what were the causes? How were the breaches managed? Was the management effective? If yes, why? If no, why?

Ultimately, in this appraisal there is also the need to crunch numbers. How many of the assessments were completed on time? What is the quality of the data from the assessments? To what extent did the community members participate in the exercise? Did the company get value for money for most of these initiatives and activities?

All of the above shall determine whether the team shall remain or be disbanded for Phase Two. Even if the team is to be disbanded, some ought to be kept for institutional memory and to provide guidance for the new ones. There is no substitute for experience. This is more so in CE processes.



P2-Evaluate Evaluate Phase One Activities

Phase One started with some goals and issues to be addressed. There were targets and timelines. There were also tasks to be accomplished within approved budgets. Data from the field indicate that it is always most appropriate to use external assessors for this exercise. The justification for this is the likelihood of their being detached and dispassionate in the process. A transparent evaluation of Phase One shall provide the ingredients for success in Phase Two.

The design of this evaluation is very important. It is key, as stated earlier for stakeholders to participate from start to finish. It is also important to be specific about the objectives of the evaluation. The mind set for approaching this evaluation is to learn and improve and not to find fault. For instance, it might be useful to consider using the 4D Cycle of Appreciative Inquiry Model of Discover, Dream, Design and Deliver as advanced by David Cooperider of Case Western University. The focus should be on discovering what worked and what needs to be improved upon. It might also be worthwhile to consider using the normal SWOT analysis.

Another tool that may be used for the evaluation of Phase One is the Goal Grid. The Goal Grid has as its fundamentals components of Achieve, Preserve, Avoid and Eliminate. This tool is simple and focuses the evaluation better.

One of the best tools that could be used for the Evaluation of Phase One is Tuckman's Stages of Group Formation. This tool has five stages namely: Forming, Norming, Storming, Performing and Adjourning/Transforming. Whichever tool that is to be used for the evaluation of Phase One, the point to bear in mind is to get as close to the results as possible. This is critical to how Phase Two will take off and perform. It is also hoped that the findings and results shall be put to use to advance Phase Two.

P2-Evacuate Transition Contractors and Employees

Transitions are usually traumatic events. At this stage the initial wave of contractors is assumed to have concluded their assignments. This implies that they shall close shop and move elsewhere. Some of their employees, especially those from the communities, may be dropped. The fear and uncertainty which accompanies this stage may adversely affect the CE process. More importantly, they would be losing their income source and the prestige that accompany work. The impact of the drop in income should never be underestimated. It is also important to bear in mind the resentment of those who were not successful in



this initial recruitment process.

For the avoidance of doubt, the CE process shall be managing two sets of transitions – the institutional and individual. Data from the field indicate that these set of community employees have the tendency to develop a sense of entitlement as far as the CE process is concerned. This will have to be managed. And what all of these imply is that there is need for update of some of the activities, initiatives and assessments carried out in Phase One.

P2-Update Update Stakeholder Identification and Analysis

At this point there is the need to update the stakeholder identification and analysis. From the brief discussion above, it is clear that gradually there is a new and emerging group of stakeholders. For instance, the community now has ex-employees, some small-scale service providers who may or may not be indigenous to the community may also arrive. There may also have been some petty contractors who supplied goods and services to the main contractor. The community configuration is changing fast. Experience has shown that there might be increase in criminal activities, prostitution, land speculation, hoteliers, eateries and drinking parlours. Incidence of drug abuse will also become noticeable. There may be increased economic activity which will lead to population increase and put pressure on the environment and social amenities. Waste management will become an issue. Families will come under intense pressure, teenage pregnancy, incidence of sexually transmitted diseases especially HIV/AIDs. Many children may decide to drop out of school in search of the new-found wealth in the community. All of these and more will need to be captured in an updated stakeholder identification and analysis.

Furthermore, trade groups and guilds will begin to emerge. For instance, the welder's guild is a very strong one in the Niger Delta. Welding is a big and profitable business in extractives. The issue of Health, Safety and Environment (HSE) is a big one in extractives as well. People who have some training and skills in this area will bond together to get things done for themselves.

There will also be the influx of certain ethnic populations from other areas. For instance, in Bonny area where the Liquefied Natural Gas (LNG) project is located, people of Akwa Ibom State constitute a sizeable chunk of the population. They are involved in sundry services such as Okada riding casual labour, etc.



The point being made is that in Phase Two of the CE, there is the need to include these new power blocs in an updated stakeholder identification and analysis. There is also the need to do some kind of power and influence mapping. This will enable a more nuanced engagement with the various stakeholders. This update

P2-Conduct Conduct Human Rights Impact Assessment

By this time (i.e., Phase Two), some of the human rights issues are beginning to surface. It is also an appropriate time to conduct a more in-depth human rights impact assessment. Some CE guides like the United Nations Guiding Principles on Human Rights and Business (UNGP) suggest that human rights due diligence be conducted before the commencement of the project. This is good and it is often incorporated or done as part of the Environmental Impact Assessment (EIA). EIA by the way is a legal requirement both by government and most financial institutions. It is used to meet project approval requirements. Although EIA is done before the CE commences, it is important to highlight and discuss EIA, as has been done under the 'Environment Impact Assessment' section.

However, it is important that the communities are involved in the EIA process since they are the ones to bear the brunt of environmental hazards.

Human Rights Impact Assessment is not entirely new. The International Covenant on Economic, Social and Cultural Rights calls for the “progressive realisation of the rights enshrined, implicitly requiring measurements of human rights and of the progress being made toward the full realisation of them.”

According to the World Bank (2013):

Human Rights Impact Assessment (HRIA) is an instrument for examining policies, legislation, programs and projects to identify and measure their effects on human rights. HRIAs provide a reasoned, supported and comprehensive answer to the question of “How does the project, policy or intervention affect human rights?” Their fundamental purpose is to help prevent negative effects and to maximise positive effects. As such, HRIAs are an indispensable part of making human rights considerations operational in a range of legal and policy contexts.

Human Rights Due Diligence is conducted at this point based on some of the human rights issues that have been identified in Phase One and it is also used to project for Phase Two. As Kemp and Vanclay (2013) pointed out, that human rights are relevant to business has been confirmed through the United Nations Human Rights Council's endorsement of the 'Guiding Principles on Business and



Human Rights'. Professor John Ruggie, advocated awareness of 'rights-holders' and 'duty-bearers' and a shift from third parties "naming and shaming" companies as a way of addressing human rights harms to companies also "knowing and showing" how they are taking responsibility for their human rights impacts and managing their human rights risks. Consideration of human rights should therefore be central to impact assessment for private sector projects, especially those affecting livelihoods, environment, health, safety and security, land and property, culture and gender dynamics.

While there are many reasons why a business should undertake Human Rights Impact Assessment of its project and operations, the Danish Institute on Human Rights lists these generic purposes:

- Identify and address adverse human rights impacts (through meaningful engagement with stakeholders, data gathering and analysis, prevention, mitigation and remediation)
- Contribute to effective human rights due diligence
- Facilitate meaningful dialogue between stakeholders in a particular context; and
- Empower rights-holders to hold businesses to account for their adverse human rights impacts.

In conclusion, there are many reasons why a HRIA is important at this point. This is because the business is beginning to settle and to take shape. The community, company and other stakeholders are also beginning to have a sense of shared identity and development in the survival of the business and prosperity for all. All HRIA must involve communities. It must ensure that it identifies adverse human rights impacts and looks at maximising positive impacts. The HRIA report is not for blaming anyone or pointing accusing fingers. Rather, it is a document for planning, decision-making and risk-management.

Since human right generally is not the usual turf of business, the issue is who should carry out the human rights impact assessment? The company may decide to use external consultants, but their in-house staff must provide quality control oversight. Again, like most other assessments, the design of the assessment is as important as the process and the eventual outcome. This very assessment must be approached from a multi-stakeholder perspective. It must be an inclusive process. It is also not an easy process. It is also fraught with many landmines. The World Bank supports this view when it observed that "the relationship between human rights, security, and development is by now well established. Translating



international human rights commitments into domestic implementation also remain a challenge, not least because this is an inherently political process, and one which relates largely to context-specific dynamics of socio-political change.”

A HRIA is nothing but a mere document. But it can be made a worthwhile document if the company breathes life into it. This can be done by implementing the findings by putting in place effective mitigation measures that will address both present and future human rights issues. This is one of the ways the HRIA could become a credible tool for community engagement. To achieve this everyone's input is required and there must be sincerity on the part of the stakeholders to do the right thing. This may also be an appropriate time for a full-blown country-wide training on human rights.

P2-Revise Revise Sustainable Community Development Plan

By Phase Two, a relationship is beginning to emerge between the company and community. The contour of this relationship is also taking shape. Modern approaches are required to hold onto this new relationship. There is also the need to consolidate on some of the achievements so far. If the relationship is left to evolve on its own, it might spiral out of control. This is why it is important to keep it in check by ensuring that different tools and methodologies are employed to guide and guard the relationship. One of the most effective tools for mapping and planning the future is the development of a Strategic Sustainability Plan (SSP), which in this context, can be a reworking of the SCDP.

Strategic planning is a process of understanding where an organisation is at the present, how it got there, defining the direction where an organisation is headed, and how to get there, agreeing on how to mobilise resources to get there, and allocating the resources efficiently to ensure effectiveness and sustainable growth, change and development. Sustainability is the process of managing present actions relating to economy, social, ethics and the environment, in such a manner that there is minimal negative impact on future needs or generations.

Corporate sustainability is closely tied to national development and sustainability. Through CE, oil and gas companies have the opportunity to make a valuable contribution to sustainability. A strategic sustainability plan is not undertaken because an organisation is not doing well. Rather, it is based on the overriding assumption that there is always room for improvement and an acknowledgement that the organisation has the potential to do more than it is doing at the moment, and that the organisation is thinking long term. It is a



process by which leaders or the guiding members of an organisation imagine its future and develop the necessary procedures and operations to achieve that future. The planning process can be viewed as a somewhat circular flow of topics and action steps, where the results from one step initiate study and action in the next step. The process does not necessarily always flow in one direction.

In revising the Sustainable Community Development Plan, there are some basic guiding questions which the exercise must answer:

- Who are we?
- Where are we now?
- What do we do as an organisation?
- Who are the beneficiaries of our work?
- What are the results from our work?
- What are the opportunities available for us now?
- How do we measure our productivity?
- What does our operating environment look like?
- Where are we headed to?
- What do we need to get there?

The first thing one notices with the guiding questions of the redesign is that it uses the collective 'we.' This sense of shared identity, vision and future are some of the implicit outcomes of activities in Phase One. If this sense of shared identity does not begin to manifest towards the end of Phase One, it raises doubts as to the effectiveness of the interventions and initiatives. An honest and sincere response to the above questions shall help to shape the relationships that will guide activities in Phase Two.

There are many reasons why it is advisable to engage in a strategic planning process. Some of the justifications include the fact that it would:

- help focus the organisation or relationship as the case may be
- be a form of self-examination to chart a new course to handle future challenges
- help attract partners
- foster creation of a platform to develop periodic work plan
- help explore opportunities and give a long-term view of the organisation
- model the organisation or relationship

At the end of the process, the relating parties would:

- be able to communicate more openly



- collaborate more effectively
- take more responsibility
- maintain a shared vision
- solve problems more effectively and collectively
- show more respect and support for each other
- interact with each other more effectively
- be more inquisitive in a positive manner
- be more open to experimentation and new ways of doing things (Argyris 1970).

It would be recalled that in Phase One the company looked at the laws of the land. It also used its CSR Policy as a guide for designing its CE. But in Phase Two a relationship has been forged. Collectivism and solidarity have begun to creep in. The sense of shared identity, vision and development is catching on. These are some of the intangible gains of the process. It is during this SCDP in Phase Two that they shall collectively develop:

- Vision – that will guide the relationship between the company and community
- Mission – what the mission of the relationship will be
- Values – that will guide the relationship throughout the duration of the project
- Strategy – they will employ to achieve all they have set out for the relationship.

A key tool in the SSP is analysis. The kind of analysis being referred to here is not a 'gut feeling', 'hunch' or an 'intelligent guess'. It is analysis grounded in empirical evidence. It is also analysis that is context specific. For the SSP analysis is a process we employ to understand the causes of an issue, who is involved and at what level, the context, dynamics and rationale of the issue, the current situation, responses and impacts of the issue in the short, medium and long term with a view to planning appropriate responses and mitigation measures where applicable.

The SSP is not a linear one. Issues that arise in a particular step may cause the planning team to go back to an earlier step to do additional work. The order of the steps can be altered to suit the particular needs of the planning team. The implementation step also does not end the planning process. Analysis of results could easily result in additional analysis or a change in strategic direction. The plan must be reviewed to verify that all the base assumptions are still valid and



that the implementation plan is progressing according to expectations.

The revised SCDP will be guided by a step by step process. Familiarity with the steps is critical to an SSP process. Some of the more generic steps include:

- Analyse the current situation
- Assess current responses
- Describe the future scenario
- Set a goal and objectives
- Define strategies and activities
- Select priorities, define target groups and sequence activities
- Allocate roles and responsibilities
- Develop reporting and feedback mechanism
- Set targets and indicators of progress and success
- Mobilise resources
- Implement plan
- Monitor
- Evaluate

One of the key features which recommend the SCDP as a tool in CE is the in-built measurement. Over the years, companies have measured their relationship with communities in terms of the amount of money they claim to have invested in the community. They forget that there are tangible and intangible benefits. Quantitative and qualitative measurements are all part of the SSP. This is also important in the CE. Another is that of allocation of roles and responsibilities to individuals and institutions. The setting of targets and indicators of progress are also very important. Finally, is the aspect of describing future scenario as part of the SSP. Scenario-building is a military tool which has been imported into peacebuilding and CE. The ability to anticipate issues helps in planning and prudent allocation of resources.

The SCDP will be guided by some principles. It has boundaries and does not subscribe to anything goes kind of activity. Some of the key principles include that it must be:

- participatory/consultative
- systematic
- analytical
- realistic
- measurable
- achievable



- time-bound
- short and simple
- flexible
- creative

P2- Renegotiate Renegotiate New Community Engagement Agreement

Finally, for Phase Two, the company must negotiate a new community engagement agreement. In other words, all the foundational work that has been done in Phase Two is now put in black and white for all stakeholders. If the community members have been part of all the processes above, the negotiation of a new CE agreement is a done deal. But if not, then there is problem. The nomenclature of the agreement is as important as the process and content. The name given to the agreements at this point is symbolic and significant. Some of the names given to these agreements at this juncture (Phase Two) include:

- Benefit Sharing Agreements (Chile)
- Community Development Agreements
- Community Development Initiatives
- Community Joint Venture Agreements
- Community Contracts
- Empowerment Agreements
- Exploration Agreements (Canada)
- Global Memorandum of Understanding (Nigeria)
- Integrated Benefits Package (IBP) – mandated by the Mining Act of 1992 in Papua New Guinea
- Indigenous Land Use Agreements
- Impact Benefit Agreements (Canada)
- Investment Agreements (Mongolia)
- Landowner Agreements
- Partnering or Partnership Agreements
- Production Sharing Agreements (Chile)
- Shared Responsibilities Agreements
- Social Trust Funds (Peru)
- Voluntary Agreements

The names the agreements are given reflect to some extent, the objectives, goal and issues which the agreements are meant to address. It would also be noticed that some are mandated by law while others are voluntary. Some are almost exclusively focused on land, while others employ a broader approach. The more popular Canadian model is the Impact Benefit Agreements (IBAs). This implies



that the agreement is justified by the impacts to be borne by the community as a result of oil and gas operations. Chile almost follows the same line. Some of their agreements are called Benefit Sharing Agreements. This is also focused on benefit-sharing.

That of Nigeria is more territorial in nomenclature. It talks about a Global Memorandum of Understanding; focusing on the reach and scope of beneficiaries.

It is important that community members be fully involved in the negotiation of this agreement no matter the name or nomenclature. Participation must be as broad-based and as inclusive as possible. Data from the field accuse companies of imposing the agreements and excluding some critical segments of the population. The agreements must be clear, unambiguous and understandable. The criteria for arriving at any provision of the agreement must be clear to all who read the agreement.

One of the areas of contention around the agreement at this point is whether it should be justiciable or not. Traditional and mainstream human rights groups insist that these agreements must be made legally mandatory and must be enforceable in a court of competent jurisdiction. Companies prefer a non-threatening nomenclature as Memorandum of Understanding. The issue at stake is not nomenclature or whether it is made justiciable or not, but that all stakeholders feel a sense of ownership of the agreement and feel committed to implementing the contents because it will benefit them. If a company keeps its word, there would be no need to apply legal action.

P2-Measure Measuring Community Engagement Strategy

Most organisations like to measure their CE by dishing out figures or the amount of money which they have expended or the number of projects they have executed or the number of scholarships they have awarded. Many companies that have awarded scholarships for close to fifty years have no clue what the beneficiaries have become. Imagine if one scholarship beneficiary emerged as the president of a country! Businesses are very concerned about their bottom-line. This is very important. But in measuring CE, a critical question would be: What is our relationship with our host communities like? How many non-technical disruptions have we experienced? How long does it take to respond to a complaint or grievance? What is the community perception of our presence in the area? If a typical community member is asked to describe us (the company) in



one word, what word would it be? What stories do community members tell about us? Do the community members have a sense that they are part of what the company is doing? Do they think that the company is bringing benefits or spreading misery?

Maybe it is also important here to emphasise that there is a difference between evaluation and measurement of results. The template for measuring result and effectiveness of CE may look like this:

Community Engagement Result Template

Date	Activity	Purpose	Result	Impact	Remark	Next step
11/11/08	Town hall meeting	To disseminate CDA	150 men, 50 women and 100 youths attended	Community members are better informed on the content and provisions of the CDA	No physically challenged attended. Govt rep could not make it. Almost all the invitees attended	Paste CDA at strategic locations in the community

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CES-P3 Phase Three: Exit Strategy

There are many reasons why a company may exit an area. First is if the resources they are exploiting is finished. Second, if they have been acquired or merged with another organisation or they are closing down for one reason or the other then an exit strategy must be put in place. The issue at stake here is that from the field in all the interviews and materials reviewed, none of these agreements contain any provisions in the case of exit. This has created all kinds of issues in the community especially if a new company is coming in.

When companies leave an area, it is not just an innocent departure with life continuing as if nothing ever happened. Even when operations cease, life is never the same for the communities. This is how James Jackson (cited by Heidhues, p.69) described the situation way back in 1780, “The retreating miners left behind a sterile, sandy, stony surface, denuded of vegetation and honeycombed with water-filled diggings and small man-made swamps; natural drainage patterns and erosion processes had been seriously disturbed and the slowly regenerating vegetation developed into an almost impenetrable tangle very different from the original high forest.” And with astounding finality Heidhues declared, “Bangka today is dotted with 'lakes,' all of them man made remains of mine diggings.” The Africa Development Bank Principles on resettlement states that a community must be resettled in a better or the same kind of environment from which they were moved but not below what they are used to. The same principle applies when a company is exiting. The company must leave the area better or the way it met it and not worse.

This is why the exit stage must be as important as the entry. A survey of literature on exit strategies did not yield much. But one area that proved useful is NGO exit strategies for programmes or projects. There are many reasons why an organisation may close down a project and leave. First, could be the close of funding. Second, could be that the project has ended. Third, could be other circumstances within the socio and political environment. For businesses, the reasons may seem similar. But what proliferates in literature is the failure of businesses. A business may exit because it has failed. Failure, meaning that it is not profitable. For instance, if the business is in extractive industries and it is exploiting non-renewable resource, when that resource is exhausted, the business may exit. A business that is big may decide to leave an area if it has become too small for its operations. Policy changes, politics and economics could



also account for business exit. In the Niger Delta of Nigeria, oil and gas companies have left an area at times because of communal dispute or uprising, others sold their assets to another, while others moved to greener pastures. Whatever may be the case or the reason for leaving, a company must make adequate arrangements and carry the community along.

There are some principles from the not-for-profit sector that could be adapted into the for-profit model. They include:

- Planning for exit from the outset
- Thinking about sustainability early on
- Consulting with partners and stakeholders regularly
- Communicating constantly.

In other words, right from entry, companies must manage expectations and not give impression that they are there for life. Even if they are supposed to be there for life, the community must be prepared in case of exit.

Other sets of principles include:

1. As far as possible, ensure that the work we have done is sustainable – this could be continuation of services or lasting changes in community's lives.
2. Ensure the exit does not have a detrimental effect on the communities where we work.
3. As far as possible, ensure that expertise and momentum for change in the country is not lost.

As Intrac for Civil Society noted:

However, perhaps the reason exit principles are often not developed early on is because it is not realistic to have these in place at the start of a project or programme; things change, contexts differ, and what was developed at the start becomes outdated. This is not to say that organisations shouldn't have an exit strategy – or at least a clear picture of what success would look like, an idea of when the job would be considered done, or a roadmap towards sustainability and a reduction in external support.

In the Nigerian situation, we have seen many oil and gas companies leave a particular location for another. Some have sold their assets while others simply abandoned their assets. In this CES, the concern is when a company decides to leave a community because the resources in the place which the company was exploiting are exhausted. It is important to engage the community as it was done during entry.



There are no hard and fast rules about exit. But the community must be prepared for it. Second, the company must manage expectations in such a way as to factor in sustainability in all their projects. For instance, in carrying out certain development projects, company must ensure that communities are exposed to alternate sources of funding. The same thing applies to contracting. Community contractors must also be made aware of other contract opportunities outside the company. In skills acquisition and entrepreneurship, the focus must not be on the company alone. In other words, as part of the company exit strategy, the economy of the community must be diversified.

P3-Decommissioning Meet All Decommissioning Criteria

Decommissioning is part of the normal life cycle of oil and gas assets, where depleted or abandoned oil and gas fields are made safe and the land or sea is restored as closely as possible to its original state. Anyone with some level of acquaintance with the oil and gas sector understands that abandoned oil and gas facilities are unsafe because there will always be residual hydrocarbons left in the ground, industrial waste, unusable land, and the hazard of equipment on land and in the sea. Sustainability may also be borne in mind, when exiting site, as materials used for operations may have recycle value, delimiting waste. There are two types of decommissioning; onshore and offshore.

The practice of decommissioning is of utmost importance and should be part of the SCDA from the onset of the project, as failure to mitigate the risk of negative environmental, social and economic impacts following the conclusion and decommissioning of oil and gas assets, can result in well-being, livelihoods and socio-cultural challenges for access, host and impacted communities. For instance, if community infrastructure has been damaged or affected by company operations, this must be carefully rebuilt, the company must ensure that as part of its exit strategy that it remediates all issues in and around environmental degradation and clean up all pollution sites.

Proper decommissioning must have the following features:

- A Decommissioning and Rehabilitation Plan (DRP) for operators to ensure the process is planned in accordance with the highest standards to minimise environmental, social, and health and safety risks and liabilities
- DRP must be clear as to the bearer(s) of liability for decommissioning, and cost, if possible
- The DRP should be consultative throughout the lifespan of the project, and should leave room for changes that might have occurred during the project's life span



- Government preparation for the period following closure
- Government provision of stable environment for operators where standards are enforced transparently, consistently and fairly
- Be done within one year of project conclusion or abandonment as directed by EGASPIN
- Adhere to 1982 UN Convention on the Law of the Sea, of which Nigeria is a signatory, on offshore decommissioning. Other decommissioning guidelines that may be followed, include the 1958 Geneva Convention on the Continental Shelf, the 1972 London Dumping Convention.

P3-Handover Handover

The sector continues to struggle with the management of large capital projects, with budget and schedule overruns being all too common. The multitude of stakeholders involved in these complex projects makes the handover a very critical process that can be highly stressful for contractors, suppliers, asset owners, and operators. An imperfectly organised, inefficient, and ineffective transfer of asset-related information, including drawings, technical documents, and data content, undoubtedly translates into additional costs, inefficient operations, and safety risks.

In this melee, the relevance of necessarily carrying communities along, is typically overlooked. If there is a successor company, the current company must take time to introduce the new company to the community and explain the community engagement framework that has been used to guide the relationship to avoid conflict. Besides, research proves that any improvement, even minimal, in the handover process and related IT solutions has the potential to release concrete and recurring economic value to company shareholders.

It is crucial to conduct a formal and ceremonial handover. The implication and symbolism of this is that the new company has also inherited the FTO/SLTO from the departing company. It must be emphasised that while every company does community engagement within the purview of its CSR policy, there are basics of CE that most EI share, such as the need to carry out one form of community development project or another.

The exit strategy is also important in order to avoid project duplication and waste. If a company inherits a community's SCDP and all the other assessments that were done, it has a good foundation to proceed with its CE processes and initiatives. It may also save the incoming company costs. It also has the capacity of minimising down time.



It is practicable that a company:

- properly introduces its new partner or buyer to the SCDB and larger community
- produces IEC materials in local language and organises multi-stakeholder fora to educate the community members on the transaction
- ensures that it hands over the SCDA properly to the new operator and with other stakeholders in attendance
- hands over any software relevant to the history and continuity of all community relations mechanisms.

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Engaging the Community Engagement Standards

One of the challenges facing our world today is that resources that drive human civilisation are now located in remote parts of the world. To gain access to them, livelihoods would be disrupted while population will be displaced. This puts a heavy burden on companies not only to do the right thing, but to always do things right.

Secondly, as the influence and finances of companies rise, there is a noticeable decline in the fortunes of nation states. In other words, countries are either unwilling or unable to act as credible third-party mediators in the relationship between companies and communities. There is, therefore, the temptation for companies to behave anyhow. If this happens, companies have paid dearly for it. The onus is therefore on companies to ensure that they engage communities meaningfully, effectively and intelligently.

This CES is not a replacement for such other guidance as the UNGP, the VPs, OECD guidelines and other numerous guidance notes developed by IFC, etc. This CES is to complement any existing guidelines. Familiarity with as many CE tools as possible is an added advantage. But at the heart of this CES is capacity-building. The company must endeavour to build the capacity of community members and company staff.

Another key ingredient of an effective and meaningful CE is to start early. CE is not a short or medium-term enterprise. It is a marathon process that requires tenacity, perseverance and patience. In so many forums, companies have accused society on imposing extra burden on them and making extra demands that is not core of what businesses do. CE is not an add-on to business it is at the core of businesses that wish to remain profitable and sustainable. That is the only route to success and survival. This CES is a tool that has all it takes to help make the journey of CE less burdensome.



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Abbreviations

CBIB	–	Community Based Institution Building
CBO	–	Community Based Organisation
CDA	–	Community Development Agreement
CDB	–	Community Development Board
CES	–	Community Engagement Standards
CET	–	Community Engagement Team
CGA	–	Community Governance Assessment
CSO	–	Civil Society Organisation
CSR	–	Corporate Social Responsibility
DPR	–	Department of Petroleum Resources
EGASPIN	–	Environmental Guidelines and Standards for the Petroleum Industry in Nigeria
EI	–	Extractive Industries
EIA	–	Environmental Impact Assessment
EITI	–	Extractive Industries Transparency Initiative
FAO	–	Food and Agriculture Organisation
FMEnv	–	Federal Ministry of Environment
FMNDA	–	Federal Ministry of Niger Delta Affairs
FGD	–	Focus Group Discussion
FPIC	–	Free, Prior and Informed Consent
FTO	–	Freedom to Operate
GM	–	Grievance Mechanism
GMoU	–	Global Memorandum of Understanding
IBAs	–	Impact Benefit Agreements
IFC	–	International Finance Corporation
ICDP	–	Integrated Community Development
ISA	–	Inclusive Security Association
JCCGMT	–	Joint Company-Community-Government Monitoring Team
MPR	–	Ministry of Petroleum Resources
MoU	–	Memorandum of Understanding
NAPIMS	–	National Petroleum Investment Management Services
NCDMB	–	Nigerian Content Development and Monitoring Board
NGO	–	Non-Governmental Organisation
NLNG	–	Nigeria Liquefied Natural Gas
NNPC	–	Nigerian National Petroleum Corporation
NNRC	–	Nigeria Natural Resource Charter
NOSDRA	–	National Oil Spill Detection and Response Agency
OECD	–	Organisation for European Cooperation and Development
OPTS	–	Oil Producers Trade Section
PCIA	–	Peace and Conflict Impact Assessment
PSA	–	Production Sharing Agreement
PSE	–	Participatory Stakeholder Evaluation
PPS	–	Participatory Partnership Strategy
SIA	–	Social Impact Assessment
SCDP	–	Sustainable Community Development Plan
SLA	–	Sustainable Livelihood Assessment
SLTO	–	Social License to Operate
SSP	–	Strategic Sustainability Plan
THM	–	Town Hall Meeting
UNGP	–	United Nations Guiding Principles on Business and Human Rights
VP	–	Voluntary Principles on Security and Human Rights



Testimonials

Chief Joseph Yobo

Thanks to CSR-in-Action for this initiative and for developing the Community Engagement Standards (CES) which is a great tool to enhance communications and engagement in the Niger Delta. For there to be peace, we need to communicate and engage with the people in order to hear from them and understand their pains. There is a whole lot of community problems, things that are happening that other people don't see and which doesn't make the news. So, CSR-in-Action has done well by creating awareness and getting everybody involved to talk about these problems. More importantly is the fact that CSR-in-Action developed an engagement framework, the CES to guide engagement between companies and communities. According to stakeholders present at this event, the CES was developed based on a lot of research, comparative analysis of global best practice which takes all stakeholders into consideration.

Ibrahim Shehu

Director Upstream, Ministry of Petroleum Resources.

Our experience right here, at this occasion of the launch of the Community Engagement Standards by CSR-in-Action is one that I can say is very rewarding. It is my hope that the outcome of this event will result in a framework that the Ministry of Petroleum Resources can eventually push towards being adopted by government and made into a policy statement or legislative action which all oil and gas companies in the extractive industries must adhere to and operationalise.

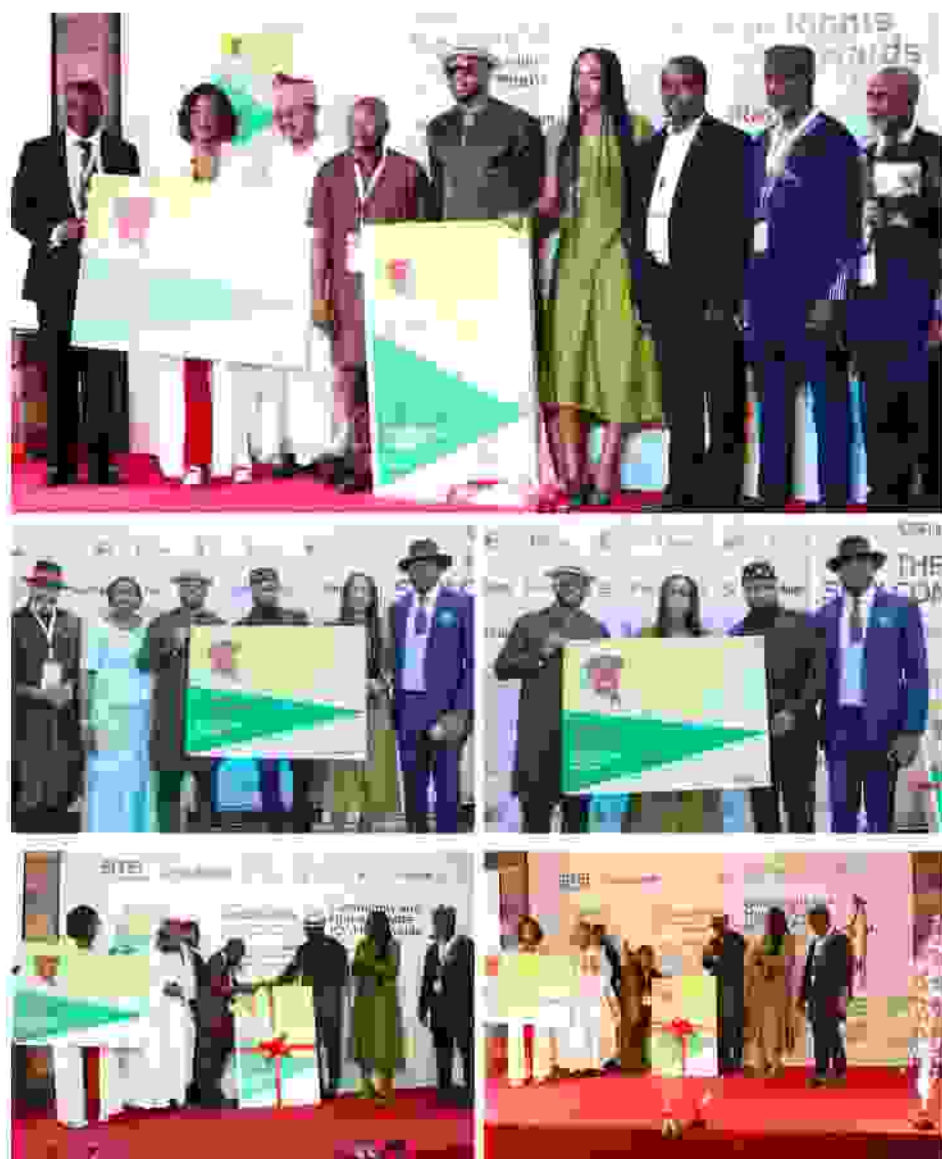
Felix Bob-Nabena

Special Assistant to Honorable Minister of State for Petroleum Resources.

This programme has tremendously contributed to enlightening the people of the Niger Delta and other extractive stakeholders. It gives a different perspective on how to engage the government, companies and communities towards ending insecurity and heightened tension that can result in conflicts. CSR-in-Action have come out with intellectual methods of engagement among stakeholders, including the government, in such a way that communities can have dialogues with government and companies towards ensuring that their reasonable needs and expectations are addressed.



The Community Engagement Standards was launched at the 8th Sustainability in the Extractive Industries (SITEI) Conference by industry thought leaders and other key stakeholders. The key thrust of the guideline is to address the absence of meaningful engagement between stakeholders, especially communities and companies. The goal of the Standards is to end insecurity and foster peace and the sustainable socio-economic development of the sector.





Engagement session with Rivers State oil-bearing communities' leaders, CSO representatives, academia and other stakeholders in Port Harcourt, Rivers State



Cross-section of stakeholders consisting of the academia, community leaders and representatives of CSOs of oil-producing communities in Imo State after an engagement session.



Ongoing discussions with Abia State oil-bearing communities' leaders, CSO representatives and academia in Ettitohia, Abia State



Engagement session with Akwa Ibom State oil-bearing communities' leaders, CSO representatives and academia in Ibeno, Akwa Ibom State

