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Human Rights Risk Assessments:
A New Tool for Managing Risk and Promoting
Corporate Responsibility

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Presentation Outline

- Human Rights and the Energy/Extractives Operating Environment
- The Human Rights Assessment of the Proposed BP Tangguh LNG Project
- Summary of Key Human Rights Risk Assessment Recommendations
- Challenge: Establishing Human Rights Risk Assessments as a Standard



Human Rights and the Energy/Extractives Operating Environment

- Human Rights Risks Are Related to Key Issues...
 - Repressive Regimes/Weak Governance, Rule of Law
 - Revenue Mismanagement/Corruption
 - Company Roles and Responsibilities in Conflict Zones
 - Security Arrangements/Public and Private Forces
 - Indigenous Rights/Right to Consent to Development
 - Labor Rights

Plus Cross-Cutting Risk of Complicity in Third Party Abuses



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Risks for Energy/Extractive Companies Apparent in Certain Countries and Regions...

Africa

- Sudan
- Nigeria
- Chad/Cameroon
- Equatorial Guinea
- Sao Tome and Principe
- Gabon
- Angola
- DROC
- Algeria

Middle East

- Iraq
- Iran
- Other Gulf states

Caspian

- Kazakhstan
- Uzbekistan
- Turkmenistan
- Georgia
- Azerbaijan
- Turkey
- Russia

Asia-Pacific

- Indonesia
- Papua New Guinea
- Burma
- China
- Vietnam

South America

- Columbia
- Peru
- Ecuador
- Bolivia



Risks Can Be Addressed Through Adherence to Key Standards...

- **Universal Declaration on Human Rights**
- **International Covenant on Civil and Political Rights**
- **International Covenant on Economic, Cultural and Social Rights**
- **ILO core labor standards (child labor, forced labor, freedom of association, right to organize and collective bargaining)**
- **Indigenous rights:**
 - ILO Convention 107 on Indigenous and Tribal Populations
 - ILO Convention 169 on Indigenous and Tribal Peoples
 - UN Draft Declaration of Indigenous Rights



Risks Can Be Addressed Through Adherence to Key Standards...

- **Voluntary Principles on Security and Human Rights**
 - subsumes UN Basic Principles on the Use of Force and Firearms by Law Enforcement Officials
 - also subsumes UN Code of Conduct for Law Enforcement Officials
- **OECD Guidelines on Multinational Enterprises**
- **OECD Convention on Combating Bribery of Foreign Officials in International Business**
- * *Plus Draft Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights (currently under consideration by the UN Sub-Commission on the Promotion and Protection of Human Rights)*



...and Through Stakeholder Engagement and Partnership Development

- UN Global Compact
- World Bank/Business Partnership for Development
- World Business Council for Sustainable Development
- USAID Global Development Alliance
- Voluntary Principles on Security and Human Rights
- Global Mining Initiative



The Human Rights Assessment of the Proposed Tangguh LNG Project: Purpose

“Oil companies don’t choose the easiest places to practice social responsibility. At first, it reads like a film script. An oil multinational enters a remote rainforest in a disputed corner of an unstable country, where a brutal army confronts a popular independence movement. Throw in tribal politics, corrupt officials and hostile NGOs, and watch it all simmer.”

*BP in Indonesia- Sociologists before geologists?
The Economist June 27, 2002*

The Human Rights Assessment of the Proposed Tangguh LNG Project: Purpose

- Tangguh is a \$2 billion LNG facility being developed by BP under a production-sharing contract with Pertamina, targeted to China market
- “Tangguh has the potential to become one of the world’s premier LNG facilities- while sustaining Indonesia’s position as the world’s largest LNG exporter. And in the process, the Tangguh Project aims to meet high standards in socially and environmentally responsible resource development.”

BP Overview of the Tangguh LNG Project, September 2002



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The Human Rights Assessment of the Proposed Tangguh LNG Project: Purpose

- **Key Integrated Social Strategy challenges for BP/Pertamina:**
 - Birds' Head Diversified Growth Strategy/fiscal impact
 - Training and Workforce Management
 - Community liaison and Development
 - Stakeholder Community Forum and Heritage Forum
 - Tanah Merah resettlement/livelihood restoration
 - Community-based security



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The Human Rights Assessment of the Proposed Tangguh LNG Project: Purpose

- **Broad human rights challenges are *whether*:**

- Indigenous Papuans will have an appropriate voice in the development of Papua's natural resources and be able to participate equitably in the project revenue stream
- The influx of migrant labor associated with project construction will inevitably displace indigenous communities
- Indonesian security forces will respect the rights of people living and working in the project area

These human rights challenges play out against backdrop of uncertainty over Papuan governance structures, low-intensity conflict plus lessons learned from Freeport McMoRan experience. They pose serious operational and reputational risks for BP.



The Human Rights Assessment of the Proposed Tangguh LNG Project: Purpose

- BP Indonesia decided in mid-2001 to commission an independent human rights assessment of the proposed project. Assessment conducted by two former U.S. Deputy Assistant Secretaries of State for Democracy, Human Rights and Labor:
 - Gare Smith/Foley Hoag (Washington DC)
 - Bennett Freeman/Sustainable Investment Strategies, now with Burson-Marsteller(Washington DC)



The Human Rights Assessment of the Proposed Tangguh LNG Project: Purpose

- According to BP, Assessment “commissioned for the sole purpose of consulting credible third-party international expertise for use in assisting the project and its stakeholders to meet high standards and manage impacts appropriately.”
- Further, “BP emphasizes that the views, opinions and conclusions expressed in the HRIA are solely those of the authors, and should not be regarded as those of the project.”



The Human Rights Assessment of the Proposed Tangguh LNG Project: Purpose

- **Assessment attempted to meet three key objectives:**
 1. Identify key human rights issues that could arise
 2. Offer specific proposals to avoid human rights violations and resolve unavoidable human rights conflicts
 3. Propose broader approaches and model processes to protect and promote rights of communities and peoples affected by project

Assessment both analytical and prescriptive



The Human Rights Assessment of the Proposed Tangguh LNG Project: Process

- Assessment prepared through a three-part process from Fall 2001 through early spring 2002:
 1. Research on Tangguh project issues, relevant international legal standards and CSR best practices, consultation with BP executives, Indonesia and Papua experts, interested NGOs
 2. Travel to Indonesia in January 2002, meetings with BP executives, key government officials, civil society leaders and NGOs in Jakarta and Papua (Jayapura, Timika) including with local Bintuni Bay area community leaders in close proximity to Tangguh Base Camp
 3. Post-trip consultations with key international NGOs prior to drafting and editing of assessment; delivered in April, 2002



The Human Rights Assessment of the Proposed Tangguh LNG Project: Process

- Assessment presented to interested NGOs, SRIs and government officials:
 - London, February 2003
 - Washington, March 2003

BP prepares and releases detailed response to assessment. Also addresses issue of public release of report.



Summary of Key Human Rights Assessment Recommendations

I. Fundamental Human Rights

A. Indigenous Rights

- 1) Consultation and Consent to Development
- 2) Land Rights
- 3) Natural Resources
- 4) Cultural Rights
- 5) Religious Rights
- 6) Relocation

B. Basic Human Rights

- 1) Right to Life
- 2) Freedoms of Opinion and Expression

C. Labor Rights

- 1) Freedom of Association
- 2) Discrimination



Summary of Key Human Rights Assessment Recommendations

II. Balancing Human Rights and Security

- 1) Deployment
- 2) Conduct
- 3) Training
- 4) Accountability
- 5) Community

III. Supporting Papuan Civil Society and Governance

- 1) Building Human Rights Capacity for Local Communities and Civil Society
- 2) Institutionalizing Human Rights through Papuan Governance



Establishing Human Rights Risk Assessments as a Standard

The Human Rights Assessment of the Proposed Tangguh LNG presented to BP Indonesia appears to be the first ever Human Rights Impact Assessment (HRIA) prepared for a major energy or extractive project in the world— at least on the front end of such a project.

How can this model, developed for a new greenfield project, be adapted to address human rights issues and risks at stake in established projects?



Establishing Human Rights Risk Assessments as a Standard

BP emphasizes that the Tangguh HRIA is not Intended to follow international guidelines for other formal impact assessments such as Environmental Impact Assessments.

How can this assessment be adapted into a template that can become an HRIA industry standard for energy/extractives?

How can HRIA's be integrated with other risk assessment tools?

