

Annex 12

Business, Conflict and Peacebuilding

Annex 12

Business, Conflict and Peacebuilding

Introduction:

This annex begins with excerpts from Pan Kanagaretnam and Susan Brown’s exceptionally practical framework on the links between business, conflict and peacebuilding¹. It concludes with information from the Canadian Department of Foreign Affairs and Trade (DFAIT) on the links between business and Human Rights, Canada’s efforts to instill corporate responsibility, and how to access a new DFAIT fund for related initiatives.

SECTION A:

Excerpted for this Annex from Business, Conflict, and Peacebuilding are Kanagaretnam and Brown’s:

- (1) Introduction; (2) Conclusion, (3) Operational Framework for business (which provides actions and indicators for ceasing conflict-promoting activities and minimizing the negative impact of business on conflict tensions); (4) Business Risk Assessment” (which show business how to identify risk factors, ascertain levels of risk, ensure safety and security, and monitor, as well as strengthen their operational strategies); (5) Areas or tools of conflict impact assessment and risk management private companies could focus on; (6) Reference to major initiatives underway to help private corporations fulfill their potential contribution towards conflict prevention and peacebuilding; and (7) Selection of research papers with useful suggestions and advice to companies, governments, donor countries and concerned NGOs.

Each gun that is made,
every warship launched,
every rocket fired
signifies, in the final
sense, a theft from
those who hunger and
are not fed and
those who are cold
and are not clothed.

-- *Dwight D. Eisenhower*
from Women for Peace,
homepage:
www.womenforpeace.org
Berkeley, California,
U.S.A, July 2007

Not only is the Kanagaretnam/Brown Operational Framework for Business, Conflict, and Peacebuilding informative and practical, but it also shows plainly how peacebuilding makes good business sense (unless, of course, you are in the business of illicit trade with links to national conflicts. In that case the document has equally concise guidelines for those in government and elsewhere who are directly or indirectly facilitating the process).

1. Introduction, from Business, Conflict, and Peacebuilding

“The outbreak of civil conflict leading to violence can be traced, in part, to the interaction of economic motives and opportunities with long-standing grievances over poor economic governance, inequitable distribution of economic resources, exclusionary and repressive political systems, inter-ethnic disputes, and the inability of states to provide internal and territorial security. However, recent history of several conflicts has shown that access to lucrative economic resources with the active participation of multinational corporations (MNCs) has played an important role in fomenting and sustaining conflicts. Lootable resources like diamonds and less lootable resources like oil and minerals have been, and continue to be, at the centre of several conflicts. The so-called “resource wars” in Angola, Sierra Leone, and the Democratic Republic of the Congo (DRC) were prolonged by the rebel exploitation of diamond resources with the active participation of international and national businesses.² In Liberia, the warlord, and later the President,

Charles Taylor was able to secure economic partnerships with major MNCs in sustaining his rebellion during the initial stages while activities after his election as President were controlled by local commanders and individual businessmen.

Sharing of oil resources developed by MNCs is at the centre of ongoing civil conflicts in parts of Nigeria, Indonesia, and Sudan. The Colombian conflict which started as a contest over state power and socio-economic grievances between guerrilla groups and the central government was later sustained by the access to, and trading in, lucrative natural resources such as cocoa, poppy, and oil.³ Also, the beginning of the conflict in Afghanistan in 1979 was marked by the development of a war-economy based on the opium trade involving private companies and businesses outside the country. Given the link between civil conflicts and private companies, participation of MNCs is vitally important to efforts aimed at resolving civil conflicts around the world.

The onset of globalization in the 1990s, coupled with the recent wave of economic liberalization and privatization of state-owned assets throughout the developing world, helped MNCs to expand rapidly into developing markets. MNCs are also attracted by the prospects of higher returns on investment in developing countries than in the more competitive developed countries. Rapid advances in telecom and internet communications, transportation, and the integration of global financial and insurance sectors have been, and continue to serve as, additional incentives for such expansion. As a result, Foreign Direct Investment (FDI) by MNCs in developing countries (DCs) has increased sharply in recent years to become the leading source of financing economic development. During the five-year period from 1998 to 2002, while Official Development Assistance (ODA) by the OECD (Organisation for Economic Cooperation and Development) countries averaged US\$53,935 million⁴ a year, the inward movement of FDI into developing countries during the same period averaged US\$207,6424 million a year, or almost four times the volume. Many governments, donor countries, and multilateral organizations are increasingly recognizing MNCs as partners in the process of economic, social, and human development in developing countries. Active participation by multinational and national companies is therefore indispensable for the success of peacebuilding efforts in countries afflicted by violent conflicts.

This framework is an effort to present various facets of business and conflict in the context of the need to reconcile differences between the basic objective of corporations and nation-states on the one hand, and the development objectives and promotion of peacebuilding efforts by the donor countries, multinational organizations and NGOs on the other.

2. Conclusion of Business, Conflict, and Peacebuilding:

“The involvement of private companies and MNCs in illicit trade with links to national conflicts is documented. At the same time, MNCs have replaced the industrial nations as the major source of foreign direct investment in developing countries. Private companies have the financial capacity, technical capability and the industrial experience to develop untapped natural as well as human resources. They can help alleviate global poverty and reduce economic inequalities, which are among the route causes of civil conflicts around the world. Motivated by self-interest and sustainable profits, and encouraged by the international community, private companies are increasingly recognizing the importance

of the economic and social environment in which they are operating. The result is the appearance of new business norms and corporate codes of conduct projecting business corporations as partners in development efforts, actively assisted and promoted by donor countries, international institutions, NGOs and community groups, which go beyond trade and profit.

These developments have highlighted the need for donor countries to review their current aid and trade strategies, which are basically rooted in an economic world view of the past. It is important to revise such policies and related management practices in view of the need to adopt development plans which focus on achieving sustainable progress. In brief, the success of international efforts to eradicate poverty, resolve civil conflicts, and build peace now depends on the joint commitment of donor countries and MNCs to be in the forefront leading fragile states out of poverty and underdevelopment.

A coherent and consistent approach - both in strategies and actions – by both industrialised governments and the private sector is needed to level the playing field for businesses, and move this agenda forward.”⁵

3. Business, Conflict, and Peacebuilding: An Operational Framework⁶

ISSUE	INITIAL ACTION	TRANSFORMATION	FOSTERING PEACE	INDICATORS
Goal:	Cease conflict-promoting activities and minimise the negative impact of business on conflict tensions	Stabilise situation and start building infrastructure, and planning regulatory environment for propeace business practice	Promote a positive, ongoing, pro peace contribution from business	Monitor and strengthen a stable, nonviolent business environment
Security & Safety				
Ex-combatants	<ul style="list-style-type: none"> • Support DDR programs – particularly reintegration of ex combatants - through documentation of skills and job training 	<ul style="list-style-type: none"> • Mobilise support of private companies as partners in reintegration and employment efforts 	<ul style="list-style-type: none"> • Include private sector input and support participation of businesses in employment offerings 	<ul style="list-style-type: none"> • Number of ex-combatants registered & returning home • Number of former combatants employed
	<ul style="list-style-type: none"> • Create comprehensive data base of ex-combatants, both rebels and soldiers, with their skills, qualifications and desires 	<ul style="list-style-type: none"> • Design and deliver suitable counseling, vocational/skill development training and programmes • Provide micro-credit & revolving loan funds • Offer technical assistance for small business and private entrepreneurs • Support the granting of land titles 	<ul style="list-style-type: none"> • Support ongoing skills upgrading and labour-intensive income-generating projects • Provide ongoing technical assistance for start-up businesses 	<ul style="list-style-type: none"> • National coverage of locations training/ counseling centers • Number of participants documented • Number of participants trained • level of enrolment and participation
	<ul style="list-style-type: none"> • Execute labour-intensive infrastructure, rehabilitation and 	<ul style="list-style-type: none"> • Facilitate the employment of as many ex-combatants as possible 	<ul style="list-style-type: none"> • Share work with private companies through open tender/bidding system 	<ul style="list-style-type: none"> • The number of ex- combatants employed and the number looking for jobs

ISSUE	INITIAL ACTION	TRANSFORMATION	FOSTERING PEACE	INDICATORS
	reconstruction plans			
Special Combatants	<ul style="list-style-type: none"> • Document details of vulnerable cases such as child soldiers, female combatants, elderly and the handicapped 	<ul style="list-style-type: none"> • Design and deliver programs to meet their special requirements, and arrange for financial and other assistance • Provide basic literacy and numeracy training to youth geared to employment 	<ul style="list-style-type: none"> • Encourage participation of private sector, NGOs, and local and foreign community groups in employment-generating schemes 	<ul style="list-style-type: none"> • Number of people trained • Number of people employed in trained skill area
Governance				
Restoration of Stability	<ul style="list-style-type: none"> • Ensure peace committees include private sector representatives • Support programs which ensure free flow of goods 	<ul style="list-style-type: none"> • Restore essential services, transport and communications to allow resumption of normal business activities • Help revive rural markets and business activities 	<ul style="list-style-type: none"> • Foster pro-business, pro-peace initiatives 	<ul style="list-style-type: none"> • peace plans included initiatives for business promotion • business benefits from transition planning • Businesses have access to basic infrastructure
Political and Economic Policy	<ul style="list-style-type: none"> • Publish parliament/legislature approved declarations committing Government to democratic governance • Open economy, transparent and corruption-free administration 	<ul style="list-style-type: none"> • Establish policy framework to offer pro-business incentives • Take policy decisions to attract foreign and local investment 	<ul style="list-style-type: none"> • Publicise and promote to impress prospective investors the country is being opened to business 	<ul style="list-style-type: none"> • Activities of foreign & local business community, donors and international aid agencies • Codes of Conduct created
Government as Partners in Business	<ul style="list-style-type: none"> • Set up national advisory body on business both in urban and rural areas 	<ul style="list-style-type: none"> • Facilitate interaction of business & government • Seek collective input to promote peace and economic performance 	<ul style="list-style-type: none"> • Encourage business participation in activities aimed at strengthening communal & ethnic harmony 	<ul style="list-style-type: none"> • Strengthened relationship between government & business community • Increased contribution to peace from work-place
Community - Friendly Business Environment	<ul style="list-style-type: none"> • Assist creation of Chambers of Commerce to include big, medium and small businesses • support establishment of watch-do monitoring body 	<ul style="list-style-type: none"> • Assist business to develop standards for corruption-free, transparent and people-friendly business environment with effective enforcement mechanism 	<ul style="list-style-type: none"> • Encourage social groups, NGOs, community organisations, and the media to be vigilant and work closely with business and government 	<ul style="list-style-type: none"> • Number and spread of Trade Chambers and membership • Business environment with minimum or no public complaint of unfair or discriminatory business practices
Media	<ul style="list-style-type: none"> • Facilitate the resumption or promote the establishment of independent newspapers, broadcasting and telecasting facilities 	<ul style="list-style-type: none"> • Strengthen media-business synergies • Support skills building of media and good journalism • Promote business through effective media • Promote investment through responsible media 	<ul style="list-style-type: none"> • Eradicate perception of neglect and denial of state and business services • Highlight economic progress, & direct/indirect peace dividends 	<ul style="list-style-type: none"> • Free flow of information on economic activities • Constructive reporting on pro peace business issues and activities • Media presence as pro-business supported • Well-informed community, capable of taking rational rather than emotion-based decisions
Conflict-Sensitive Donor Assistance	<ul style="list-style-type: none"> • Review strategies and policies of donors from a business & trade perspective 	<ul style="list-style-type: none"> • Ascertain effectiveness of business & trade as instruments of pro-peace development • Incorporate conflict-sensitive donor practice in 	<ul style="list-style-type: none"> • Adjust strategy and policies to achieve economic growth & performance targets on a longterm basis • Build capacity in 	<ul style="list-style-type: none"> • The extent of mainstreaming development sensibilities achieved in policies and management of development assistance

ISSUE	INITIAL ACTION	TRANSFORMATION	FOSTERING PEACE	INDICATORS
		country <ul style="list-style-type: none"> • Incorporate conflict-sensitive business practice in country 	business sector to operate in nondiscriminatory and peace promoting manner	
Donors and International Trade Policy	<ul style="list-style-type: none"> • Review trade policies in light of inherent weakness of economy of aid recipient countries • Cease counter-productive trade & investment practices of external actors • Adopt sanctions or embargoes as required to prevent conflict promoting trade practices 	<ul style="list-style-type: none"> • Ascertain areas requiring support and seek cooperation and coherence of donor engagement 	<ul style="list-style-type: none"> • Adjust/amend policies to help citizens maximize benefit from indigenous natural and human resources and raw materials 	<ul style="list-style-type: none"> • Accommodation of requests by DCs on issues such as agriculture • Indications of more liberal application of the principle of trade reciprocity • improvements in growth rate of DCs
Legal				
Regulatory Measures	<ul style="list-style-type: none"> • Promulgate legal codes/statutes, provide protection to foreign and local investments 	<ul style="list-style-type: none"> • Attract investors through incentives and technical assistance • Strengthen guarantees in related agreements • Obtain support international financial institutions such as the World Bank and the IMF 	<ul style="list-style-type: none"> • Leave open the prospects of improving such laws as needed • Provide technical assistance in business and trade matters 	<ul style="list-style-type: none"> • Comments and reaction by investors and international organisations • Improved business performance and protection
Labour	<ul style="list-style-type: none"> • Promulgate/update labour laws, including gender equity, workplace safety, minimum wage, union rights and child labour, and tribunals /mechanism for negotiation of wages and working condition 	<ul style="list-style-type: none"> • Avoid industrial unrest and ensure a peaceful work place environment • Strengthen democratic norms and values 	<ul style="list-style-type: none"> • Review and update regulations in keeping with developments at international level, and for sharing development gains with workers 	<ul style="list-style-type: none"> • Frequency of Labour disputes • Complaints from workers • Work disruptions
Environment	<ul style="list-style-type: none"> • Promulgate regulations based on internationally-accepted environmental guidelines 	<ul style="list-style-type: none"> • Ensure protection of the environment and facilitate sustainable development • Ensure protection of natural resources for legitimate business and trade activities 	<ul style="list-style-type: none"> • Ensure regular review and updating of guidelines 	<ul style="list-style-type: none"> • Workplace and outside are free from unacceptable level of pollutants • Proper use/maintenance of natural resources • Regulatory framework(s) in place to protect natural resources
Economy				
Management of Conflict Tensions	<ul style="list-style-type: none"> <input type="checkbox"/> Secure borders, natural and industrial resources to prevent illegal trade <input type="checkbox"/> Support efforts to prevent benefits from illegal trade <input type="checkbox"/> Consider imposing sanctions or trade restrictions 	<ul style="list-style-type: none"> <input type="checkbox"/> Secure the support of domestic, regional, and international business to employ conflict reducing business practices <input type="checkbox"/> Support consensus building and develop codes of conduct for domestic and international business 	<ul style="list-style-type: none"> <input type="checkbox"/> Support efforts to build capacity for government authorities to manage and control natural resources and revenues <input type="checkbox"/> Support the establishment of Chambers of Commerce and support private sector 	<ul style="list-style-type: none"> <input type="checkbox"/> Absence of funds entering illegally <input type="checkbox"/> Absence of access by rebel groups to lootable resources <input type="checkbox"/> Greater revenues flowing into official coffers

ISSUE	INITIAL ACTION	TRANSFORMATION	FOSTERING PEACE	INDICATORS
		operating in-country	activities	
Illegal Trade by Business	<ul style="list-style-type: none"> □ Identify the companies involved in illegal trade tracing the route from point of sale 	<ul style="list-style-type: none"> □ Focus on resolving problem by direct contact with the companies or through multilateral efforts 	<ul style="list-style-type: none"> □ Persuade businesses to route trade through legal channels 	<ul style="list-style-type: none"> • Official record of trade, and foreign exchange earnings generated.
Status of Economy	<ul style="list-style-type: none"> • Mobilise expertise from international institutions and local business to assess economy and potential resources 	<ul style="list-style-type: none"> • Ascertain immediate and long term action required • Determine areas for state, local and foreign business investments and development 	<ul style="list-style-type: none"> • Identify untapped or underutilized resources requiring foreign investment & technology for development 	<ul style="list-style-type: none"> • Economic assessment report • Comprehensive nature of information collected and various resources identified
Special Investment Incentives	<ul style="list-style-type: none"> • Offer special incentives for: <ul style="list-style-type: none"> - upgrading/adding value to local products and raw materials; - production of new exports; • Develop local resources for procurement and sub-contracting • Invest in technical training and skills development 	<ul style="list-style-type: none"> • Promote economic diversification • Increase export earnings • Develop local businesses • increase technical and skilled workers • generate more jobs 	<ul style="list-style-type: none"> • Offer incentives and help local businesses to collaborate with foreign investors in joint ventures, technology transfer, and for production of import substitutes and new exports 	<ul style="list-style-type: none"> • Increased number of new products • value of export earnings • Number of sub-contractors, exporters and distributors, skilled and technical workers, and new/ additional jobs created • Cooperation/investment of interested parties and external actors
Foreign Investment	<ul style="list-style-type: none"> • Prepare detailed promotional materials on foreign investments, incorporating all available incentives 	<ul style="list-style-type: none"> • Publicize and educate foreign companies on resources and potential and business opportunities available for investment 	<ul style="list-style-type: none"> • Promote foreign and local private investment • Structure tax/ incentives favouring investments in longterm, labour-intensive industries including tourism 	<ul style="list-style-type: none"> • Level of response from prospective investors • The number of investment agreements concluded
Selection of Foreign Investors	<ul style="list-style-type: none"> • Obtain history of investment by prospective investors in developing countries 	<ul style="list-style-type: none"> • Check credentials from independent sources and identify MNCs involved in civil conflicts and other malpractices • Identify companies with good track record of corporate social responsibility 	<ul style="list-style-type: none"> • Ensure that companies selected have a clean record or have lately demonstrated commitment to open and transparent business practices • Establish mentoring partnerships in the private sector 	<ul style="list-style-type: none"> • Open commitment to principles of Corporate Social Responsibility • Corporate guidelines being promoted by UN and international organisations, NGOs and community groups • Commitment for open and acceptable management practices in project agreements
International Trade	<ul style="list-style-type: none"> • Prepare detailed report on status of traditional exports, and identify potential new exports 	<ul style="list-style-type: none"> • Assist quick impact projects for business rehabilitation and increase of known exports and development of new exports 	<ul style="list-style-type: none"> • Focus on adding value to local raw materials and products • Seek foreign investment and markets 	<ul style="list-style-type: none"> • Performance of exports including new exports
Tariff Regime	<ul style="list-style-type: none"> • Prepare list of essential imports, including machinery, industrial raw materials and other consumer items 	<ul style="list-style-type: none"> • Develop a tariff regime to protect and promote local economy, generate revenue and comply with global / WTO requirements 	<ul style="list-style-type: none"> • Design and open new production lines and expand existing facilities 	<ul style="list-style-type: none"> • Increased use of imported inputs in expanding economic activities • Availability of essential items at reasonable prices

ISSUE	INITIAL ACTION	TRANSFORMATION	FOSTERING PEACE	INDICATORS
Trade and Investment Promotion	<ul style="list-style-type: none"> • Seek international expertise and assistance from agencies like International Trade Centre and World Trade Organization • Set out trade and economic promotional strategies 	<ul style="list-style-type: none"> • Train officials to promote trade, investment, tourism in world markets • Secure assistance of donors, international organizations & NGOs 	<ul style="list-style-type: none"> • Expose local business professionals to modern industries, technologies and foreign markets • Promote innovative business ideas and promotional strategies 	<ul style="list-style-type: none"> • Level and performance of foreign investments • Assistance received by businesses looking for foreign partners and markets • Increase in export earnings
Sea and Air Transport	<ul style="list-style-type: none"> • Draw up short and long-term plan for the development of sea and air ports, and the tourist industry 	<ul style="list-style-type: none"> • Facilitate smooth flow of exports and imports and the development of tourism 	<ul style="list-style-type: none"> • Develop transit facilities for cargo movement and target markets for tourist promotion 	<ul style="list-style-type: none"> • Smooth flow of freight and passenger traffic • Increasing tourist arrivals
Banking and Finance	<ul style="list-style-type: none"> • Strengthen Central Banking and promote expansion of commercial banks with a regulatory system acceptable to the world community 	<ul style="list-style-type: none"> • Facilitate the smooth flow of foreign capital, guarantee transparency • Make available financing and loan facilities for businesses and the public at large 	<ul style="list-style-type: none"> • Create conditions necessary to start a capital market • Encourage easy financing for small businesses and cooperatives 	<ul style="list-style-type: none"> • Complaint-free foreign transactions • Ease with which companies, cooperatives, and individuals are able to access business facilities

4. Business Risk Assessment, in:
Business, Conflict, and Peacebuilding: An Operational Framework⁷

GOAL	IDENTIFY RISK FACTORS	ASCERTAIN LEVEL OF	RISK	ENSURE SAFETY AND SECURITY
Security and Safety	<ul style="list-style-type: none"> • Review history of region and country 	<ul style="list-style-type: none"> • Look for incidence of civil and/or border conflicts or disputes 	<ul style="list-style-type: none"> • Identify parties, groups or countries involved & ascertain current position 	<ul style="list-style-type: none"> • Absence of or ongoing disputes with no violence
	<ul style="list-style-type: none"> • Review reasons or areas of conflict and/or dispute 	<ul style="list-style-type: none"> • Ascertain dispute result of ethnic and/or religious discrimination or claim on natural resources or border problem 	<ul style="list-style-type: none"> • Look at actions by government to address the problems, and ascertain effectiveness 	<ul style="list-style-type: none"> • Interaction of different groups and community leaders, their reaction to ongoing peace efforts • Level of official interaction with the country involved in dispute.
	<ul style="list-style-type: none"> • Identify the location of resources of interest 	<ul style="list-style-type: none"> • Assess security and safety of environment • Ascertain likely positive and negative impacts the proposed investment could have on the community, their livelihood and environment 	<ul style="list-style-type: none"> • Review results in the light of investment strategy, business model, social commitment and long-term benefits 	<ul style="list-style-type: none"> • Compare results with experience in dealing with problems in similar situations in other countries • Ascertain whether the company has the required knowledge, technology, expertise and commitment to deal with inherent challenges
Governance	<ul style="list-style-type: none"> • Review the situation of human rights, particularly in the business sector 	<ul style="list-style-type: none"> • Assess level of protection citizens/ foreigners and business people enjoy, government accountability, and 	<ul style="list-style-type: none"> • Ascertain the existence of any forms of human rights abuses • Review level of participation by the people in governance, and in choosing 	<ul style="list-style-type: none"> • Complaints of human rights violations and response by community groups • Frequency of free and fair elections • Free and open discussion of

GOAL	IDENTIFY RISK FACTORS	ASCERTAIN LEVEL OF	RISK	ENSURE SAFETY AND SECURITY
		transparency	their rulers.	policies and issues • Number of cases relating to violation of human rights; and the existence of a free media
	• Review the existing judicial system and the legal framework	• Assess the neutrality, independence, and efficiency of the judicial system	• Ascertain whether the system is open and within reach of all citizens and non-citizens to seek and receive timely redress for complaints and grievances	• Existence of an open judicial process with different levels with access to all residents, and freely functioning legal profession
	• Study forms of corruption, if any, among politicians and officials	• Assess what levels of government are afflicted with corruption	• Ascertain the impact of corruption in terms of time, money, and in dealing with the government on a day-to-day basis	• Experience of business people and community groups, and the Corruption Perception Index of Transparency International
Economics	• Learn about illegal trading, if any, its route and beneficiaries	• Assess its impact on the economy, and identify its links, if any, with foreign businesses, rebel groups or groups	• Ascertain any policy in place to address the issue, and, if so, its effectiveness and chances of legalizing such trade	• Production/processing and trading of same or similar products in the world market as well as markets in neighbouring countries, with known sources of origin and trade route
	• Take note of disputes among different levels of governments in sharing and use of revenue	• Learn about the nature of disputes and impact on relationship of different levels of governments and the community	• Ascertain the dispute resolution mechanisms in place and their effectiveness in resolving disputes	• Publicity in the media of such disputes and settlement • Views and opinion publicly aired by political parties and community groups
	• Identify social inequalities arising from an inherent inequality in wealth distribution or social exclusion	• Assess impact of such inequities on the political, social and economic fabric of the community	• Ascertain the seriousness of underlying grievances, their short-term and long-term implications to the stability of the country • Assess effectiveness of government measures to address such problems	• Income level of different segments and groups of people • Ethnic, religious or regional variations • Access to education, technical training and government jobs
Labour	• Study level of unemployment & underemployment by age and sex	• Assess the structure and nature of labour force	• Ascertain the skill level, and potential for training and upgrading of technical and other standard	• Availability of technical training & skill development facilities • The extent to which such facilities are open without age, ethnic or gender discriminations
	• Labour Laws	• Assess the protection available to labour in terms of tenure of employment, wages and benefits, and facilities and opportunities for career development	• Ascertain how effectively such laws are enforced • Determine mechanisms, if any, of employer/employee groups/unions for resolving disputes amicably, and level of peace at work place	• The number of reported labour disputes and strikes at work place
Corporate Social Responsibility	• Review business strategies and management practices developed by international organizations, donor countries,	• Assess usefulness or effectiveness of principles of CSR in dealing with the level of risk identified	• Ascertain how the suggested strategies and management practices could be adapted	• The level of company's commitment to various principles of CSR • Willingness to mainstream conflict sensibilities into their management practices

GOAL	IDENTIFY RISK FACTORS	ASCERTAIN LEVEL OF	RISK	ENSURE SAFETY AND SECURITY
	NGOs • Research scholars and community groups focusing on Corporate Social Responsibility (CSR)			

5. CONFLICT IMPACT ASSESSMENT AND RISK MANAGEMENT FOR PRIVATE COMPANIES:

“The areas or tools of conflict impact assessment and risk management private companies could focus on include:

Governance: In terms of government’s accountability, responsiveness and transparency; the level of human rights violation or protection; level of corruption; functioning legal framework; and provision of basic services.

Economy: A review of the economy needs to take into consideration the distribution of wealth, existence, if any, of gross inequities and social exclusion; claims to land rights and natural resources; on-going disputes or potential for disputes among central, regional and local governments over resources and revenue; and the existence, if any, of illegitimate markets/networks that provide funding for arms/supplies to rebel groups.

Labour: The study should look at the level of unemployment/under employment by age and gender; the structure of education, skill development and the skill level of the work force, and the nature of violations, if any, of core labour rights.

Human Rights: Efforts should be made to ascertain the degree, condition, and type of human rights abuses, if any, in the country, with special focus on abuse of minorities, land treaty rights, displacement etc.

Security: Issues that need to be looked at include the history, if any, of armed resistance and insurgency in the region against governments, and the history, if any, of violent crime and/or widespread use of private security firms or unaccountable security forces.

Environment: An examination of the environment and the community needs to ascertain whether or not environmental degradation in the area affects the traditional livelihood of the community, and what has been the experience, if any, of the community’s past experience with the environmental damage attributed to private sector activities.

Humanitarian Crisis: Efforts also should be made to ascertain whether or not the conflict has led to humanitarian crisis in the region, and as to whether there have been any violations of International Law resulting from such crises.”⁸

6. Major initiatives underway to help private corporations understand their potential contribution towards conflict prevention and peacebuilding, include:

1. “Global Compact “Dialogue on Business in Conflict Zones,” jointly developed by UN-led involving UNEP, UNDP, UNCHR, and ILO.
2. OECD Supplement to the DAC Guidelines on Conflict, Peace and Development section on Business and Conflict, and the Guidelines for Multinational
3. Enterprises.
4. Global Compact Business Guide for Conflict Impact Assessment and Risk Management developed by a group of experts for the UN Global Compact Organisation Global Reporting Initiative by UNEP.
5. Tripartite Declaration of Principles Concerning Multinationals and Social Policy, developed by the ILO.
6. Global Sullivan Principles of Social Accountability by Global Sullivan Principles.
7. Human Rights Guidelines for Companies by Amnesty International.
8. Good Company Guidelines by the Canadian Business for Social Responsibility.
9. Ethical Trading Initiative developed by an alliance of companies.
10. NGOs and trade unions.
11. US-UK Voluntary Principles on Human Rights and Security.”⁹

Also, a number of research papers with useful suggestions and advice to companies, governments, donor countries and concerned NGOs have been, and continue to be published by several organisations including:

- International Alert, International Institute for Sustainable Development,
- World Bank, the IMF, Netherlands Institute of International Relations,
- World Business Council for Sustainable Development,
- World Vision International,
- Forum for Early Warning and Early Response,
- Amnesty International,
- the International Committee of the Red Cross,
- International Labour Organisation,
- Saferworld International Alert,
- Conflict Prevention and Post-Conflict Reconstruction Network, an organization representing 24 groups/organizations including, among others, the international development agencies of all OECD countries, the UN, World Bank and the IMF”.¹⁰

Section D: Statements from the DFAIT website on Business and Human Rights are reproduced in their entirety. The provide: (1) introductory comments; (2) descriptions of the

D. 1 INTRODUCTORY COMMENTS:

Canadian Department of Foreign Affairs and International Trade: Business and human rights¹¹

Private sector investment in developing countries has the potential to bring greater prosperity, development and a higher quality of life to communities around the globe.

While the impact of business activity is usually positive, in some cases the security and well-being of people may be negatively affected. Companies may inadvertently contribute to human rights violations or

environmental degradation in the course of conducting business in developing countries. In conflict or weak governance zones, the challenges faced by business are greater and more complex, as is the potential for harm to individuals.

The Business and Human Rights envelope of the [Glyn Berry Program](#) builds and promotes knowledge, tools, standards and best practices to help business maximize benefits and minimize potential harms in their operations in challenging environments. Our particular interest is the human rights dimensions of Corporate Social Responsibility. Our three priorities are i) Engaging Stakeholders: National Roundtables on the Canadian Extractive Sector in Developing Countries; ii) Advancing the Business and Human Rights Framework; and ii) Research on clarifying obligations of private sector actors.

► For more general information on the current policies of the Department of Foreign Affairs and International Trade on Corporate Social Responsibility, please consult the [International Trade Web site](#).

D (Engaging Stakeholders: National Roundtables on the Canadian Extractive Sector in Developing Countries

Canada is a major player in the international extractive sector and Canadian oil, gas and mining companies have significant investments and operations in developing countries worldwide. While development of natural resources can be greatly beneficial to communities, companies may face serious challenges in some countries, including armed conflict, corruption, weak or undemocratic governments or pre-existing ethnic or political tensions.

In 2006, Foreign Affairs and International Trade Canada (DFAIT) facilitated a multi-stakeholder dialogue on CSR through the [National Roundtables on the Canadian Extractive Sector in Developing Countries](#). The process, chaired by DFAIT, involved eight government departments and agencies in partnership with an Advisory Group of experts drawn from industry, the financial sector, civil society, academia and aboriginal communities.

The Roundtables explored issues raised by a June 2005 unanimous report issued by the Parliamentary Standing Committee on Foreign Affairs and International Development, entitled *Mining in Developing Countries and CSR*, and the subsequent [government response](#). The Roundtable meetings in four cities resulted in a consensus report by the Advisory Group presenting recommendations for actions by government, industry and civil society to enable the Canadian extractive sector to meet or exceed leading international CSR standards and best practices.

One of the Business and Human Rights priorities in 2007-08 is the conclusion of the Roundtables process and a response to the Parliamentary Committee on its outcomes.

The Government of Canada, led by the Department of Foreign Affairs and International Trade, is holding a series of national roundtables in order to discuss issues of Corporate Social Responsibility in the mining, oil and

The National Roundtables on Corporate Social Responsibility

ADVISORY GROUP REPORT

- [Report and Recommendations](#)
- [Annex 6: Meeting Summary Vancouver](#)
- [Annex 7: Meeting Summary Toronto](#)
- [Annex 8: Meeting Summary Calgary](#)
- [Annex 9: Meeting Summary Montreal](#)

► [Statement by the Canadian Network on Corporate Accountability \(CNCA\)](#)

► **NEWS RELEASE:** [Canada's New Government Supports an International Initiative to Improve Governance in Resource-Rich Countries](#)

- [Backgrounder](#)
- [Web feature on the National Roundtables](#)

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gas sectors and their operations in developing countries.

The objective of these Roundtables will be to examine measures that could be taken to position Canadian extractive sector companies operating in developing countries to meet or exceed leading international Corporate Social Responsibility (CSR) standards and best practices. Interested individuals and organizations are encouraged to participate in the public forum.



Advancing the Business and Human Rights Framework

The Glyn Berry Program will support efforts to develop and promote standards, norms, tools and best practices that advance the business and human rights framework, particularly those intended to assist companies minimize potential harm to populations in situations of conflict and weak governance.

This research and advocacy priority is intended to complement and support the efforts of the Special Representative to the Secretary General (SRSG) for Business and Human Rights, John Ruggie, to develop a business and human rights framework. In previous years, this program has been used to develop and implement Conflict-Sensitive Business Practices: Guidance for Extractive Industries, a tool for business, and support the work of SRSG John Ruggie, among other projects.

Research on clarifying obligations of private sector actors

Through the Business and Human Rights Envelope, the Glyn Berry Program will support policy and legal research to clarify the state of existing obligations of private sector actors in conflict and weak governance zones, as well as in raising awareness of companies about these obligations. Clarity and predictability of obligations will be beneficial to both responsible businesses and affected communities. Previous years' projects have included supporting the International Commission of Jurists' project on Corporate Complicity and Fafo's research on Business and International Crimes.

Endnotes: Annex 12 - The Case for a Civilian Peace Service

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³ Idem, p.2

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⁸ "Impact Assessment and Risk Management Guide," in Global Compact Business Guide for Conflict

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¹¹ Human Security Policy Division (GHS), Foreign Affairs and International Trade (DFAIT), Glyn Berry Program for Peace and Security, at DFAIT web site:

http://geo.international.gc.ca/cip-pic/current_discussions/csr-roundtables-en.aspx (August 2007)