Human Rights & Business Roundtable Annual Report 2013

FFP

From Human Rights and Business to Security, Rights and Development

Looking Ahead to 2014

When The Fund for Peace's Human Rights & Business Roundtable was founded in 1996, the relationship between business and human rights was a hot topic, and one that called for much debate. Nearly two decades later, though human rights remains a core theme, the Roundtable has broadened its scope of issues, particularly around implementation and good practices. The Roundtable now examines issues as diverse as sustainable livelihoods and foreign direct investment – though these issues can certainly have a human rights angle, such topics are inarguably much broader than that.

Thus, 2014 will mark the change of the Human Rights & Business Roundtable to become the Security, Rights & Development Roundtable to better represent the nature of the issues that we discuss, and to also be more reflective of where modern discourse on corporate practice has moved. We have phased the word "business" out of the name, not because business has ceased to be a key stakeholder in human rights issues, but instead because we recognize that a multitude of stakeholders have immense responsibility and potential for positive change on the issues we examine: business is simply one (albeit important) stakeholder.

Name change aside, the ultimate mission of the Roundtable will remain unchanged: to promote the rule of law and open societies.

The Roundtable was the first forum designed for multinational businesses and mainstream human rights organizations to discuss issues of common concern in an atmosphere of mutual respect, trust, and confidentiality.

Recently, the Roundtable has tended to focus exclusively on the extractive industry, although the lessons learned and case studies of the Roundtable provide value to all sectors. Though we will continue to give special attention to the oil and mining sectors, we will double our efforts to include other industries in order to learn from the lessons those other sectors have to offer, and to allow those other sectors to benefit from our dialogue. In 2013, we welcomed participation from business sectors as diverse as manufacturing and finance. The Roundtable will thus continue to be an invaluable resource for corporations, civil society, government, and international organizations to work together to promote sustainable development.

By drawing upon the knowledge of subject-matter experts and the experiences of case studies provided by professionals in the field, the Roundtable will carry on providing the international business and NGO communities with the practical tools to navigate today's security, human rights, and development challenges.

The Roundtable

Year in Review: The Roundtable in 2013

Tentative 2014 Schedule for the Security, Rights & Development Roundtable

The tentative schedule for the 2014 Security, Rights & Development Roundtable (formerly the Human Rights & Business Roundtable) is provided below. Please note that dates are subject to change due to unforeseen scheduling conflicts or in order to fit with the personal schedules of presenters. We will however make every effort to maintain the schedule as closely as possible.

Human Rights Compliance in the Supply Chain

1 February Week of Feb 17-21*

Increasingly, companies are being held to account not only for their own actions, but also for those of vendors, suppliers, sub-contractors, and other companies within their supply chain. This Roundtable will examine various supply chain standards and how companies can help to ensure compliance on human rights standards by their supply chains.

Measuring Impact in Implementation

2 April Week of April 21-25*

The success or otherwise of the implementation of security and human rights programs can often be difficult to measure. Regardless, interested parties demand that monitoring and evaluation provide demonstrable results of the effectiveness of implementation projects. This Roundtable will examine how the effectiveness of implementation can be measured.

Maritime Security and the Extractive Industry

3 June Week of June 16-20*

Maritime security is an often neglected component of the security landscape, but yet is potentially a source of risk for nearly every company. Whether it be threats against off-shore exploration, relations with affected communities on the water, or even port security issues in the supply chain, this Roundtable will examine the importance and relevance of maritime security.

Beyond Grievance and Feedback Mechanisms

4 September Week of Sep 15-19*

In 2013, the Roundtable examined the basics of Grievance (and Feedback) Mechanisms. This Roundtable will dive deeper into this subject matter, including a focus on how companies taking preventive measures, including better relationships and engagement with the community, can help to reduce the incidence of grievances in the first place.

Security Sector Reform and Stability

5 October Week of Oct 27-31*

Operating alongside public security forces is a near constant reality for extractive industry companies, and the actions of those forces can heavily influence the stability—or otherwise—of a company's operational environment. This Roundtable will examine steps that companies can take to reasonably influence public security forces for the better.

Managing First Contact

6 December Week of Dec 8-12*

The actions of a company in the very beginning of exploration can significantly shape community perceptions, attitudes, and expectations well into the future of a project. This Roundtable will focus on how to ensure that projects get off to a good start with all stakeholders, and how ensuring success at the beginning can help to achieve a stable operating environment in the future.

* Exact date to be finalized in approximately 1-2 months in advance of each Roundtable. Please note that dates are subject to change.

Roundtable Supporters and Participants in 2013

The Fund for Peace is grateful for the continuing support of the Corporate Members of the Human Rights and Business Roundtable.

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Hess

Inmet Mining

Kosmos Energy

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Shell

FFP also thanks the following organizations for their continuing participation in the Human Rights and Business Roundtable:

- Access Health Worldwide
- Africare
- American University
- Brookings Institute
- Cardno Emerging Markets
- Citi
- Coca Cola
- Compliance Advisory Ombudsman
- Conflict Risk Network
- ConocoPhillips
- Consensus Building Institute
- CSIS
- Devonshire Initiative
- DLA Piper LLP

- Due Process of Law Foundation
- Enough Project
- Estelle Levin
- GHD
- Global Financial Integrity
- Global Rights
- Goldcorp
- Government of Canada, CSR Counselor
- Holland & Hart LLP
- House Committee on Homeland Security
- Hudbay
- International Finance Corporation

- International Stability Operations Assoc.
- IO Sustainability
- KD Geospatial
- King & Spalding LLP
- Monkey Forest
- Montreux Solutions
- National Democratic Institute
- National Geospatial Agency
- NDPI Foundation
- NXG Global
- OPIC
- OTH Solutions
- Pact
- Partners for Democratic Change

- Partnership Africa Canada
- Philip Morris International
- Resolv
- RioTinto
- Suncor Energy
- Sustainable Waste Resources
- TD International
- Tufts University
- United Nations Association
- Unity Resources Group
- Universal Rights Network
- U.S. Department of Defense
- U.S. Department of State
- Verite
- World Bank Group

Roundtable Presenters in 2013

The Fund for Peace would like to thank the following experts (including many coming to the Roundtable from far and wide) for their contributions in leading and facilitating the Roundtable discussions in 2013:

Dr. J. Chris Anderson
RioTinto
Denver, Colorado

Phil Baker
GHD
Melbourne, Australia

Kate Dunbar
Overseas Private Investment Corporation (OPIC)
Washington, D.C.

Brenda Erskine
Inmet Mining
Toronto, Canada

Alene Gelbard
Access Health Worldwide
Washington, D.C.

Tom Green
Monkey Forest
Manila, The Philippines

Krista Hendry
The Fund for Peace
Washington, D.C.

Dr. Keith Kozloff
Overseas Private Investment Corporation (OPIC)
Washington, D.C.

Reidar Kvam
International Finance Corporation
Washington, D.C.

Jim LeBlanc
Unity Resources Group
Washington, D.C.

Don McFetridge
McFetridge Consulting, Inc.
Houston, Texas

J.J. Messner
The Fund for Peace
Washington, D.C.

Mark Wall
Barrick Gold
Toronto, Canada

Free Prior and Informed Consent

Roundtable 1: February 19, 2013

Synopsis

Increasingly, the consent of local communities - and especially indigenous peoples - is seen less as a good practice and more of a mandatory requirement preceding the commencement of extractive operations. This Roundtable focused on both the policy issues behind FPIC and also success stories in how to engage with local communities on the issue of consent.

Free Prior and Informed Consent (FPIC) has moved from being viewed as simply good practice to becoming more of a mandatory requirement at the beginning of new extractive industry projects. It is included as part of the UN Guiding Principles on Business and Human Rights and features among many key industry standards. FPIC is particularly noteworthy for its focus on Indigenous People, who tend to be unique groups that are often discriminated against as a collective, and can frequently benefit from development in an asymmetrical manner.

Standards on Implementation

The first presentation began by viewing Free Prior and Informed Consent (FPIC) from the perspective of the International Finance Corporation (IFC)'s Performance Standards (PS). Introduced in 2006, the PS formerly focused on the physical environment. Since then there has been a shift towards a more management-centric approach that balances environmental and social issues.

The new management system integrates the analysis of identified issues as well as stakeholder engagement. PS1 (Assessment and Management of Environmental and Social Risks and Impacts) is an "umbrella" standard that applies to all investment projects. Much of the focus on FPIC derives from PS1.

There has been an increase in the level of stakeholder engagement that has morphed from: Transparency and disclosure to consultation, to informed consultation and participation, to FPIC as we know it now.

Circumstances that require FPIC can include:

- Impacts on lands and natural resources subject to traditional ownership or under customary use;
- Relocation of Indigenous Peoples from lands and natural resources subject to traditional ownership or under customary use; or
- Significant impacts on critical cultural heritage, or proposed commercial use of

cultural heritage.

A case study was provided on a port and oil pipeline project in Colombia. A 143 km oil pipeline (and its associated infrastructure) was to be built in close proximity to an indigenous community. The pipeline was designed following a best-in-class environment and social impact plan.

The community was engaged in workshops where adults and children were engaged to help produce "problem trees" that mapped out potential impacts of the project and potential concerns of the community. This was followed by good faith negotiations, based upon the understanding that consent can be arrived at without necessarily gaining consensus.

The question of how to know that consent is well informed arises from an asymmetry in knowledge and power between the community and the company. Some companies try to address this issue by building capacity in the community. In the case of Colombia, the community learned

how to address certain problems as part of the engagement process.

Decision making is the trickiest issue encountered in the implementation of PS1, and the company must be transparent about issues that could be incorporated following the mitigation hierarchy. Special consideration should be given to how decisions made in the community differ, especially depending on whether the community is led by an assembly or a single ruler — the decisions made by assemblies can tend to be regarded as more legitimate than those made by single rulers. Every step of the project has to be well documented, with progress tracked at a corporate level and in the field. In many companies, the capacity to do this kind of evaluation and project is a serious issue.

Consent is not always necessarily clearly defined, and agreement can be constituted in different ways. The problem here is that community opinion toward a project can easily sour if promises cannot be kept, such as the levels of employment provided by the project. Free consent is considered legitimate when the community has the ability to say no and their decision-making is not coerced.

It should also be understood that consent is temporary and the community can change its mind at a later time. A distinction must be made between decisions that are irreversible and those that can be tweaked (and these will themselves be case and context dependent). Circumstances where there are multiple communities or competing interests within communities may cause even further complications. In the case of the pipeline in Colombia this was fortunately not the case. It must be recognized that FPIC refers to issues within

the community's control and broad community support (from a PS standpoint), and not everyone in the community has to agree.

The Company Perspective

As FPIC is a fairly new concept, companies can often lack even basic understanding, let alone capacity to follow best practice. Further, there is no degree that encompasses all the skills necessary to address this issue, thus posing a challenge to the implementation of projects on the ground, as most of the personnel who are good at communicating with the communities lack the business know-how and understanding of government and policy, especially when it comes to FPIC.

FPIC is increasingly becoming a concern for companies that are involved in community development. Issues such as how accommodating a company is to community demands become critical questions. For example, in one case, relocating a community was only seen by the company as socially responsible if it were to raise the living standards of the community, but it also opened the company up to accusations that they were somehow bribing the community.

FPIC is a soft law that is important in the identification of broad community consent. On face, this may be straight forward but its implementation is trickier. This difficulty arises from the fluid definition of consent, its measure, and its retractability. For example, one company had a team of social anthropologists build a relationship of trust (based on two years on the field) that influenced the willingness of the community to participate in the process through formal and informal agreements. At the same time

because the resettlement of the community took longer than expected there was a fear on the part of the company that consent would be withdrawn. Hence FPIC is a continuous process that must be reinforced.

Ideally, the government's role should be to compel the company to respect and implement FPIC, but in many cases it leaves the communities to fend for themselves. In countries where indigenous Peoples are not recognized by the government, a company must carry out research to identify the Indigenous People in order to protect them and apply FPIC fairly. In one case, it transpired that the government was not even aware of the existence of many of those communities prior to that research.

Community engagement and cohesion is very important but in reality communities are not generally cohesive. This can prove a significant challenge in pursuing FPIC. The appropriate approach is to develop a partnership with a community and co-develop the consultation process. A collaborative approach should be the goal and this should go beyond the initial FPIC phase. Ideal relations should be characterized as those of "good neighbors". However there is often a disconnect between what happens in boardrooms at a corporate level and those employees in the field who are in many instances from the communities in question.

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Private Security and the Extractive Industry

Roundtable 2: April 25, 2013
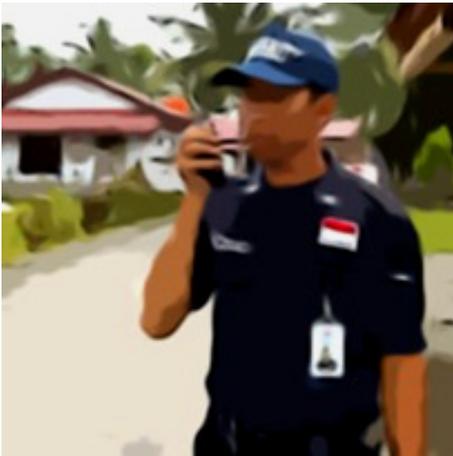
Synopsis

Private Security Companies (PSCs) provide critical site and personnel security at many oil, gas and mining sites around the world. This Roundtable focused on various aspects of their work, including management of PSCs by extractive companies, their relationship with public security forces, and their regulation internationally - particularly through the lens of the Voluntary Principles on Security and Human Rights, which devotes significant attention to the contracting and management of PSCs. There was also discussion of the International Code of Conduct for PSCs, and its relationship with existing norms and frameworks.

Though national law and political considerations may not always allow the use of private security, it will often be the preferred provider of security for extractive industry operations, due to the higher level of control that clients have over private security, as compared with public security forces. It is thus important that where private security is employed, that the proper procedures be in place and that the appropriate oversight be provided.

The Client Perspective

Before engaging with any form of security provider, the first priority for a company should be a threat assessment to ensure that any security that is employed is appropriate for the threats and risks that are faced. Too much security can be as hazardous to a company — and the community — as too little security.

As important as it is to conduct a threat assessment prior to employing security, it is equally important that these assessments be ongoing, so that every year the level of security can be reviewed and adjusted to remain appropriate and proportionate to the risks faced.

Where it is possible for a company to provision security outside of public security forces, a company then needs to consider whether it wishes to contract a third party security provider or if it wishes to develop its own internal, or proprietary, security capacity. Each method brings with it benefits and costs, and companies should perform an internal assessment to determine which form — or even a hybrid — is the most appropriate approach.

Regardless of whether a company elects to employ a third party security provider, or to directly employ proprietary security, proper vetting is critical. For third party providers, the reputation and background of the company should be thoroughly reviewed, as well as the background and suitability of the personnel that provider employs (including a review of that provider's own vetting process). Naturally, the same level of personnel vetting is necessary if a company elects to directly hire its security personnel.

Training is a critical component of good security, and it is important that good training be provided to all security personnel, whether third party or proprietary. At a basic level, training should be standardized, however it should also be tailored to be locally appropriate and delivered in a format that is understandable in the different cultural contexts that the company is operating.

There was some concern expressed that private security providers sometimes focus too heavily on the force component of security operations, to the neglect of the relationship between development and security, as well as the necessity of good community relations as a complement to good security. Such an approach can help to improve the stability of the external environment and thus decrease the number of people using force and the amount of security that is ultimately then required.

There also often remains a disconnect between community relations and security personnel within a company, each holding divergent views on priorities and how to move forward — security tends to plan and execute while community relations can often have a more academic and theory-based background. These approaches can heavily influence the character of a company's operations and the decisions that are taken.

Where it is realistic to do so, public security forces should be encouraged to focus less on actual provision of basic security (leaving such functions to private and/or proprietary security) and instead to help improve general law and order, and overall stability, in the local environment.

The Provider Perspective

The second presentation provided case studies and practical examples on how one private security provider goes about providing security services to its clients in sometimes complex and challenging environments.

The type of security provided by private security providers is far from uniform. Sometimes it can be high profile, while often it can be quite the reverse. In Iraq, for example, one security provider adopted a low-profile approach, and this was backed up by a strong focus on building relationships between the expat and local Iraqi security personnel.

The importance of intelligence in security operations cannot be underestimated, and this underscores the importance of good relations with local communities, in order to be able to understand what is happening in the local environment and what are the key risks. Further, the local community can be a useful resource in hiring of locally-sourced personnel — local elders can assist in facilitating the search for candidates, allowing a company to immediately select from a pool of candidates that are likely to be acceptable to the local community.

There has been much criticism of the operations of private security providers, and much of it has been justified. But this also provides companies with an opportunity to differentiate themselves by going above and beyond in terms of transparent operations, respected field work, collaboration with humanitarian organizations, demonstrated respect for local communities and local employees, and adherence to UN and other accepted international guidelines. This "enlightened self-interest" can be a key differentiator for "good" companies and can be an incentive to perform to the highest possible standards in order to gain competitive advantage.

Good practice within private security providers, as with any company, requires buy-in at the highest levels, and for senior management to drive those high standards from the top down.

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Foreign Direct Investment and Development

Roundtable 3: June 26, 2013

Synopsis

Foreign companies can significantly affect local economies and the availability of services related to health and education. In countries, like Myanmar, with a large youth population and at the early stages of opening up to the global economy, the pressure on companies to bring these benefits is great. This Roundtable examined how and on what specific issues collaboration across industries and sectors could support sustainable development efforts.

The Roundtable opened with a presentation of a case study on foreign direct investment and micro financing in Myanmar. The process of organizing and funding micro finance operations was discussed, as well as the numerous benefits that such programs bring to participants. The presenter accentuated the possible benefits to the community that accompany investment in basic business training for locals, including better access to health services through village health funds.

In Myanmar, a country whose recent economic growth "feels somewhat like 'the wild west,'" the presenter emphasized the importance of aiding development at the community level and noted that such engagements could be carried out successfully without the involvement of government programs.

Following a discussion on Myanmar was a presentation of another case study, this one focused on creating mutually beneficial partnerships between private sector corporations and non-profit health and development organizations in Indonesia.

The presenter underlined the program's goals of focusing on partnerships, increasing access to health and other resources and reflecting the voices of communities previously stifled. Major roadblocks to the formation of cross-sector partnerships were raised, the foremost among them being mistrust between partners and lack of knowledge about how best to find and create a successful partnership.

In response to these roadblocks, the presenter provided her organization's approach:

- One-on-one consultations were used to uncover sources of mistrust and develop plans to overcome them;
- Research existing partnerships to build knowledge on how best to create them; and
- Create tools and build skills based on the experiences of existing partnerships, using methods such as communication, workshops and brainstorming, and partnership evaluation.

To successfully carry out this approach, the presenter cited the creation of a Health and Business Roundtable in Indonesia, consisting of 160 multinational and national companies and NGOs, as well as the Company Community Partnerships for Health in Indonesia (CCPHI) organization, which is now the 'go-to' source for information on partnering across all sectors.

The presenter continued on to discuss the importance of engaging companies and NGOs with diverse interests in order to increase understanding of connections between health and community well being. It was established that a combination of business and development experience is most effective for cross-sector partnering and outlined plans to expand upon the existing knowledge base for establishing partnerships and explore moving the process to other countries across the world.

A discussion of the nexus of security and development followed the presentation of the two case studies, highlighting the need for appropriate security growth alongside development to prevent potential human rights abuses. Worries that democracy brings protest and protest brings risk of abuse were addressed with plans to create a strong chain of command and control within security forces, in addition to allowing peaceful protests and dealing with issues appropriately. Use of the Voluntary Principles on Security & Human Rights as a platform for dialogue between governments, NGOs and corporations was introduced as an excellent way to open channels of communication about security issues related to development.

Following the presentations, participants discussed the potential issues posed by military involvement in the private sector and the relationships companies might have with security forces as they engage in country and community development. Other issues raised included the role of the government in providing development services and whether developmental aid from companies provided a disincentive for government to strive to become self-sufficient in delivering these services. Participants agreed that partnerships with the government could help them to establish appropriate services over time and eventually allow them to take over responsibility for development service distribution. The importance of strengthening and preparing the communities for development was emphasized.

To conclude the roundtable, participants discussed the long-term nature of capacity building, the desire of international donors for short-term results and the slow process of military adaptation to development. Solutions included setting benchmark goals so that donors could see progress and strongly encouraging partnership engagement as opposed to a pure donor relationship, allowing partners to work together and adapt without the pressures of predetermined time-tables and expectations.

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The Environment as a Source of Conflict

Roundtable 4: September 12, 2013

Synopsis

Environmental concerns have gained significant attention. Companies, governments and communities are doing more than ever before to try to protect the environment. Unfortunately, fears, misinformation, accidents, poor actors, and poor communications can still lead environmental issues to become a source of conflict, even violent conflict. This Roundtable examined past case studies and explored how things can be done and communicated differently to mitigate the potential for conflict.

The Roundtable opened with a breakdown of the world's fresh water sources and how demand for water differs in developed countries in contrast to developing countries. Fresh water consumption in developing nations is projected at three times greater the amount of water required by developed nations. Demand for fresh water is almost invariably the main cause of conflict between communities and extractive organizations. Although humans posses an extraordinary ability to tolerate and adapt to toxicity in our environment, the species and ecosystems we depend upon for survival are far less resilient. Consequently, we cannot rely solely on human health indicators to determine the detrimental effect an extractive operation has on the surrounding environment.

In addition to meeting environmental standards, to avoid conflict (or at least to minimize the potential) extractive industry companies need to recognize the concerns of all other stakeholders. To minimize conflict, the requirements of governments

at all levels, local communities, NGOs, and industry needs to be balanced. In many cases, the primary cause for conflict between these groups is access to fresh water. Companies must therefore manage local government expectations, remain sensitive to community needs, and meet environmental standards, all while maintaining its operations at efficient and productive levels.

To illustrate how these stakeholders' interests can conflict, two different cases were provided regarding community concerns that ultimately prevented companies from operating.

In the first example, an Australian community objected to coal mining development in an area of farmland. A well-organized and well-funded local opposition group exerted considerable pressure on the federal government. This pressure resulted in amendments to Australian environmental legislation, the Environmental Biodiversity Conservation Act (EPBC), to ensure any seam gas or coal mining projects do not

impact water sources. Prior to this legislation, the Australian government had no legal grounds upon which to restrict extractive operations .

In the second example, a river community in Bangladesh voiced concerns over a plan to mine mineral deposits from river sandbars. Communities that lived on large raised sandbars in the Ganges River relied on the currents and regular water flow to farm and fish. The proposed mineral extraction would likely have altered the river flow, water quality, and impacted fish stocks. The Ganges River is home to an endangered species of fresh-water dolphin, the Ganges River dolphin. Although there had not been any officially documented sightings of the dolphin in several years, it was an important religious cultural icon for the local community and they were very distressed about potential impact on the species. Several months after the company dropped the project, a dolphin was sighted at one of the proposed mining sites. While the company eventually abandoned the project because of geological complications, the

case also highlighted the importance of weighing local cultural concerns.

Using those cases as examples, the participants emphasized how particular conditions require different channels of communication between an extractive company and the local community it works among. Participants agreed that the strength of the government — and the community's trust in that government — was one of the most important factors for determining how an extractive company should best communicate its project goals.

If a government is strong but the community does not trust it to safeguard its concerns, there is a greater likelihood of misperception and varied expectations that can breed conflict. In those instances, local engagement becomes far more critical. The same is true for regions with weaker or decentralized government, as the case in Bangladesh demonstrated.

On the other hand, if the national

government is strong and the community is better informed, negotiating through legal and scientific channels can offer a solution. Media coverage also influences local, national and even international perception and can change the issue discourse. To illustrate this point, the presenter played a video of a mining company campaign counter to claims made by environmentalists.

In addition to informing various stakeholders, participants considered the role of equity as a form of conflict mitigation. National investments in an extractive project can affect behavior and result in improved transparency and greater pressure on regional government, especially through highlighting mismanagement. If a government believes equity will yield greater returns than taxation, they may be more inclined to take more robust anti-corruption measures. Even if the extractive company chooses to reinvest its dividends, the perception of greater control and community empowerment promotes

collaboration. It is important to note, however, that equity does not necessarily protect the environment or guarantee local collaboration if it is only at the national level.

Water remains the most fought over resource, and pollution of local water sources remains communities' primary concern. To mitigate conflict, extractive companies need to understand how their projects impact water systems and, wherever possible, to predict and prevent long-term damage potential.

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Training Public Security

Roundtable 5: October 23, 2013

Synopsis

Back by popular demand, this Roundtable returned to the subject of training public security forces. Discussion focused on the need to ensure responsible behavior by public security forces and how to balance that need against the sensitivities of dealing with host governments. The Roundtable also focused on the importance and relevance of the Voluntary Principles on Security & Human Rights, and how this initiative is a key platform in engaging with host country security forces, and can be a powerful tool in improving the security situation for local communities.

A company will always tend to prefer using their own private security forces to protect their operations, first and foremost because they have direct control over them. However, this kind of security arrangement is not always possible. Thus, depending on the location, and the legal and political realities of that location, public security forces will often play a significant role in the provision of security in and around oil and mining operations.

By law or contract, some countries require a company to have public security forces on site, especially in situations where there are arms and explosives present. But sometimes the security situation may reach a point that is beyond the capabilities of private security, and thus public security forces can be particularly important in such instances to provide security that is in direct proportion to the level of the threat.

The presence of public security forces on-site simply as a matter of course (i.e., regardless of the assessed threat level) can

be problematic. There are implications for their presence on-site, particularly should they commit human rights violations or otherwise harm local communities. Thus, the manner in which public security forces operate in and around project sites should be carefully considered.

Understanding and Identifying Threats

Threats can be divided into three levels:

- Low level threat
  In such situations, the police are not on site, but are kept in communication range. Public security forces may be required to perform standard law enforcement, such as traffic control, during construction period.
- Moderate level threat
  Where there may be a rising crime rate, and where company staff feel threatened. Civil disturbance control officers can be employed on site, and they may be needed to protect road movements to and from the project site.
- High level threat

This level may include an insurgency by armed groups. The military may be required here, as police may not have the capabilities or jurisdiction necessary.

Security managers should be well aware of the types of threat they are subject to. However, the local community can also be a useful resource, as they tend to be acutely aware not only of the general security threats within the area, but also of the capabilities of the public forces. In this sense, a company's community relations staff can be a critical resource in helping to identify threats and capacities.

In order to employ the appropriate level of force to adequately deal with a threat, it is important for companies to form a rapport with the various levels of government relevant to where the site is located. This ensures that local officials understand the company's needs and then provide the appropriate level of force to deal with a threat, when it occurs.

In assessing the public security forces, there

are different factors that should be considered:

- What are the capabilities of the unit(s) and in particular what is the capacity of the commanders?
- Most security forces generally take exaggerated approaches to threat — they can either tend to over-match violence or stand-back from it. What is the tendency of the local security forces?
- What support might the forces require in an emergency? How much will it cost you financially and otherwise? Such questions should be asked and discussed (and even agreed) in advance, particularly when it comes to potential requests for equipment transfers.

Training Public Security Forces

In assessing the capabilities and capacity of public security forces, it may become apparent that there are gaps in training that could adversely affect the manner in which those forces deal with threats when they occur. Many abuses by security forces can occur as a result of poor training and preparation. Therefore, gaps in training can pose a very real risk to company operations if they are not addressed adequately.

Once training needs are understood, the company can take a role in filling those gaps in the following ways:

- Encouraging security forces to properly train their officers and provide the appropriate equipment;
- Seeking a government-to-government assistance training program by tapping into the Embassy of the company's home country;
- Facilitating human rights training through a local or international organization, such as ICRC or The Fund for Peace.

A company's own security personnel should co-ordinate with public security forces and be as cooperative as possible and as is reasonable, until there is an occasion to call upon them. Such cooperation can include jointly exploring risk assessments with them and walking through potential threat scenarios, examining how all parties would act in a given situation. This allows companies to explore problem areas, and reinforce the right way to operate, preventing the forces — and the company — from unwelcome surprises in the event of real instances of threats.

Case Study: Training in Cameroon

A practical example of public security training was provided, examining a human rights training program created by The Fund for Peace, and supported by Kosmos Energy, for the military in Cameroon. The military had been given responsibility for protecting the first onshore oil exploration project in Cameroon's history, meaning that the security forces would be placed in close proximity to local communities with whom they had previously had little interaction or experience.

In creating a training curriculum, it was important to determine what approach would best resonate with the audience. Context is important — in this instance, the training was shaped around the concepts of honor and respect. Further, it was demonstrated that respect for the local community can have a very real benefit in making the job of security far easier.

Despite abundant stereotypes about public security forces, many soldiers genuinely aspire to be proficient, professional, and respected. Talking down to, or lecturing, the soldiers should be avoided. Equally, the

training should be framed in terms that are familiar to the audience and will not overwhelm them.

The training program was delivered to non-commissioned officers who would then train their fellow soldiers. The training took the form of a workshop, with peer-to-peer discussion, allowing greater freedom to discuss how to deal with certain scenarios. Importantly, the training program should be designed to be neither an inconvenience nor a burden, so to ensure it has longevity and is not 'thrown into the too-hard basket.' Equally, such a program must be designed in partnership with the security forces to ensure ownership and buy-in, and thus to better ensure its support and continuation. Finally, such a program should be realistic, acknowledging that sometimes the use of force may be necessary, and in such instances, the forces must act appropriately.

Comic books were designed to support the training program, demonstrating the right way to act in given scenarios. The comics focused on a fictitious superhero, "Captain Cameroun," as the ideal model for the soldiers. Ensuring that the comics were realistic, including details such as uniform and backdrop, made it easier for the soldiers to relate to Captain Cameroun, and thus better allowed the program to resonate.

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Grievance and Feedback Mechanisms

Roundtable 6: December 17, 2013

Synopsis

The ability of local communities to air grievances with, or provide feedback to, extractive companies is of critical importance, not only so that problems can be properly resolved, but also so that companies may be aware of — and be able to deal with — serious concerns before they spiral out of control. This Roundtable focused on good designs for grievance and feedback mechanisms and how they can be successfully implemented and sustained. The Roundtable also gave some attention to a very fundamental aspect of such mechanisms - what should they be called?

The Roundtable opened with a brief primer on Grievance Mechanisms provided by the Chair. The presentation drew heavily upon the findings of the Compliance Advisor-Ombudsman (CAO) office within the World Bank, in its 2008 report, *A Guide to Designing and Implementing Grievance Mechanisms for Development Projects*.

Drawing upon the CAO's report, for the purposes of the Roundtable, a grievance was defined as "an issue, concern, problem, or claim (perceived or actual) that an individual or community group wants a company to address and resolve," while a Grievance Mechanism was described as "a locally based, formalized way to accept, assess, and resolve community complaints concerning the performance or behavior of a company, its contractors, or employees."

The benefits of Grievance Mechanisms were outlined as:

- A framework to address community concerns, reduce risk, and assist

towards positive social change.
- A trusted way for local community to voice and resolve concerns and for companies to address those concerns.
- A reliable structure and set of approaches where local people and the company can find effective solutions together.

Good grievance mechanisms were specified as:

- Being predictable, transparent, and credible.
- Having outcomes that are fair, effective, and lasting.
- A way of building trust.
- Systematizing identification of emerging issues and trends, facilitating corrective action and preemptive engagement.

Participants were then asked to identify as many potential issues for a grievance mechanism in the image associated with the Roundtable of laundry hanging outside a tin shack in a yard full of chickens. Fugitive dust on the laundry, water and sanitation issues,

and the potential injury or death to the chickens by road users were identified as potential issues that a Grievance Mechanism may encounter.

Assessing Grievance Mechanisms

The first presentation was given from the perspective of assessing Grievance Mechanisms as an investor in a project. At OPIC, for example, all of the institution's projects are required to have Grievance Mechanisms, which feature in a hierarchy of resources stretching from a community consultation process to liaison with the community to project-level Grievance Mechanisms. These frameworks also take into account local public authorities and relevant international financial institutions. Such frameworks should be transparent, locally appropriate and should not impede judicial remedies.

The findings of an institutional study were then provided, focusing on a sample of 31 active projects worldwide. Among the

findings, it has been found that the majority of grievances related to issues of employment, compensation, and community development.

One case study was provided regarding a power plant project in Togo, and its level of stakeholder buy-in from the local government ministries, the workers federation, and the community. Meanwhile, in regions such as the Middle East and North Africa, specific issues such as the level of noise and dust from a project was found to be a cause of work stoppages, however the institution of a Grievance Mechanism led to better consultation with the community and ultimately better outcomes. Grievance Mechanisms were thus described as a safety valve for emerging conflicts, with positive reputational spillovers for companies that effectively implement them into their operations. Potential lenders also tend to look favorably upon Grievance Mechanisms, on the basis that if a company can get its Grievance Mechanism right, its finances have a higher likelihood of also being sound.

Nevertheless, the panelists were careful to caution that Grievance Mechanisms are no silver bullet. Communities may not trust such Mechanisms, for example, fearing reprisal, or dismissing the credibility of such frameworks based on previous negative experiences tied to legacy issues. And even where a Grievance Mechanism is as good as can be, vandalism, attacks, and strikes can still occur.

Grievance Mechanisms Case Studies

The second presentation focused on case studies and experiences from the field of mining, and began with some general observations about Grievance Mechanisms. For example, much of the discourse has focused exclusively on Grievance

Mechanisms for companies when in fact NGOs and aid agencies could benefit greatly from them as well.

Grievance Mechanisms should also not be seen as a cure-all. Rather, focusing too much on Grievance Mechanisms is akin to jumping to curing the illness before considering preventative medicine and general wellness. In essence, Grievance Mechanisms should not be considered the be-all and end-all of community relations. It is even more important to build a solid knowledge base about the community before taking steps that could impact the community.

Grievance Mechanisms should also be viewed realistically. When a large company operates in a multitude of countries, it is foolish to expect that no problems will ever occur, despite how good its structures, including Grievance Mechanisms, may be. Further, complaints received should also be viewed pragmatically — not all complaints will be directly related to company operations and may simply be a general community grievance or a method by proxy of attacking a company. But regardless of the merits of a complaint, it is important that the company be accommodating in its response — sometimes it is better to just apologize, regardless of fault or responsibility, and to not argue with or further provoke the community.

Grievance Mechanisms should be:
- Legitimate, accessible, and public;
- Culturally appropriate;
- Timely and reliable;
- Equitable (i.e., fair to all complaints);
- Rights compatible; and
- Transparent (but also confidential where appropriate).

Further, there should also be a formal register of grievances (as well as feedback that does not necessarily specifically relate to grievances).

Internally within a company, there should also be clear accountability and lines of responsibility when it comes to Grievance Mechanisms. Further, there should be established buy-in from the highest levels of company management, and there should also be some linkage between the effectiveness of a Grievance Mechanism and employee compensation. Buy-in should also be sought from the community — the most effective Grievance Mechanisms are developed in partnership with the community, leading to better inclusiveness and community support of the framework.

Grievance Versus Feedback

Finally, there was discussion regarding nomenclature of Grievance Mechanisms. For example, does the term, "Grievance Mechanism" preclude feedback that may not necessarily be perceived as being at the level of a grievance but is nonetheless critical for a company to be made aware of? And does the term encourage a more negative (and potentially punitive) view of the process? Opinion among participants was mixed, but regardless of whether a Mechanism be named "Grievance," "Feedback," or any other relevant adjective, it should be appropriate to the local situation and should nevertheless feature the key characteristics discussed during the presentations.

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