



Security Rights & Development Roundtable

Annual Report
2014





The Fund for Peace is an independent, nonpartisan, 501 (c)(3) non-profit research and educational organization that works to prevent violent conflict and promote sustainable security. We promote sustainable security through research, training and education, engagement of civil society, building bridges across diverse sectors, and developing innovative technologies and tools for policy makers. A leader in the conflict assessment and early warning field, The Fund for Peace focuses on the problems of weak and failing states. Our objective is to create practical tools and approaches for conflict mitigation that are useful to decision-makers.

Copyright © 2015 The Fund for Peace.

All rights reserved.

No part of this publication may be reproduced or transmitted in any form or by any means without prior written consent from The Fund for Peace.

Editors

J. J. Messner

Report Written by

J. J. Messner, Hannah Blyth, Sarah Silverman

Circulation: PUBLIC

The Fund for Peace
1720 I Street NW, 7
T: +1 202 223 7940
F: +1 202 223 7947
Washington, D.C. 20006
www.fundforpeace.org

Security, Rights & Development Roundtable: Annual Report 2014

Looking Ahead to 2015

Approaching its eighteenth year since its launch, the Security, Rights & Development Roundtable has witnessed a rapid change in the ways companies, civil society, governments and NGOs interact and address issues of business and human rights worldwide.

We are a long way from the days of traditional siloed communication between mainstream human rights organizations and multinational businesses. Today we see a transformation in the social and corporate responsibility landscape. Greater collaboration between a vast range of stakeholder groups, and an evolution of the tools, forums, and compliance frameworks for approaching issues of human rights and business have been central to the gains made for both communities and businesses operating in fragile environments.

The Voluntary Principles on Security and Human Rights reaches its 15th year in 2015, and remains an important example of how multistakeholder dialogue can be an effective means of not only talking about change at senior levels, but also implementing it effectively on the ground. In this year's fifth Roundtable discussion, which was on the subject of Security Sector Reform, we were able to see the strides that have been made in Voluntary Principles implementation both in the engagement and training of

public security forces and the standards and increasingly contractual obligations of private security contractors.

At a global policy level, the UN Guiding Principles on Business and Human Rights is in its fourth year since being endorsed by the UN Human Rights Council, and will help shape the post-2015 Development Agenda at the UN Summit next September. In other spheres we have seen a number of compliance mechanisms implemented for monitoring supply chain accountability but, as outlined in the First Roundtable for this year, there is still much work to be done.

As we move into 2015, the Roundtable discussions will look at a range of topics which are pertinent to the multifaceted sphere of human rights and business in which we now find ourselves. This includes examining the different types of human rights certifications available, as well as some of the more innovative partnerships between NGOs and companies to measure and mitigate poverty.

In the year ahead, the Roundtable will look beyond extractives industries to study the experiences of other sectors operating in fragile environments. This includes renewable energy and other large scale development projects, and how companies, investors and other stakeholders can apply

The Roundtable

Tentative 2015 Roundtable Schedule
Supporters and Participants
Roundtable Presenters

Year in Review: The Roundtable in 2014

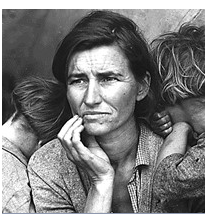
- 1: Human Rights Compliance in the Supply Chain
- 2: Measuring Impact in Implementation
- 3: Maritime Security and the Extractive Industry
- 4: Beyond Grievance and Feedback Mechanisms
- 5: Security Sector Reform and Stability
- 6: Managing First Contact

similar community engagement approaches, as well as guidelines such as the Voluntary Principles.

The Roundtable continues to play an important role in knowledge sharing which cuts across sectors and the public and private spheres to address sustainable development and security issues. We look forward to another great year ahead.

Security, Rights & Development Roundtable: 2015 Tentative Schedule

A tentative schedule for the 2015 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.



Understanding and Addressing Poverty

It is widely recognized that extractive operations can have a significant economic impact on local communities. Sometimes, those communities may be economically disadvantaged and impoverished. It is critical that companies better understand their impact on poverty, and how to ensure that communities are lifted out of -- and not allowed to descend further into -- poverty.

1 February
Week of
Feb 16-20*



The Voluntary Principles Beyond Extractives

The Voluntary Principles have demonstrated significant impact on improving the security and human rights policies and practices of oil, gas, and mining companies. But there are many other sectors that can benefit from them. This Roundtable will examine how the VPs can be used by other non-extractive sectors, and how those sectors can be engaged.

4 September
Week of
Sep 14-18*



Informed and Educated Stakeholders

Information may be power, but it should also be seen as empowering. Many conflicts occur due to a lack of information and understanding. This Roundtable will examine how informing and educating stakeholders can improve understanding, and even empower stakeholders such as artisanal miners, not only by reducing conflict but by fostering economic development.

2 April
Week of
April 27-May
1*



Human Rights in Certification Frameworks

As certification frameworks become more commonly accepted by industry in addressing various aspects of business operations, some issues present challenges in how to quantify, let alone certify. This Roundtable will address the issue of human rights in certification systems, and how such a broad and important topic can be quantified and assessed.

5 October
Week of
Oct 26-30*



Renewable Energy and Human Rights

The renewable energy sector faces many of the same operational challenges and can affect communities in many of the same ways as the oil, gas, and mining industries. This Roundtable will seek to understand those challenges and what lessons can be learned from the experiences of other industries.

3 June
Week of
June 15-19*



Improving the Security Landscape

Extractive companies frequently find themselves operating in fragile and insecure environments. Though oil, gas, and mining operations are sometimes linked by media and activists to conflict and insecurity, this Roundtable will examine how companies can help contribute to greater security in their areas of operation, even leaving a legacy of greater stability.

6 December
Week of
Dec 7-11*

* 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 2014

The Fund for Peace is grateful for the continuing support of the Corporate Members of the Security, Rights & Development Roundtable.



Chevron

Premier Supporter of the Security, Rights & Development Roundtable



Barrick Gold



ConocoPhillips



ExxonMobil



Freeport-McMoRan
Copper & Gold



Hess



Kosmos Energy



Newmont Mining



Shell

FFP also thanks the following organizations for their continuing participation in the Security, Rights & Development 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
- Hubday
- 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 2014

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 2014:

Gregory Belanger

Academi
Reston, Virginia

Jean Marc Bidjo

CIME International / Kosmos Energy
Dallas, Texas

Patrick Bindon

Barrick Gold
Toronto, Canada

Brad Brooks-Rubin

Holland & Hart
Washington, D.C.

Holly Dranginis

Enough Project
Washington, D.C.

Jonathan Drimmer

Barrick Gold
Toronto, Canada

Greg Gardner

Arche Advisors
Washington, D.C.

Emily Greenspan

Oxfam America
Washington, D.C.

Phillip J. Heyl

U.S. Africa Command
Stuttgart-Moehringen, Germany

Rebecca Holliday

Chevron
Washington, D.C.

Christopher Holshek

Alliance for Peacebuilding
Washington, D.C.

Shari Knoerzer

Freeport-McMoRan Copper and Gold
Phoenix, Arizona

Tim McLaughlin

Monkey Forest
Washington, D.C.

Kevin Petit

Performance Systems
Washington, D.C.

Brian Ray

Noble Energy
Houston, Texas

Rhonda Schlangen

Evaluation Consulting
Washington, D.C.

Jeffrey Swedberg

QED Group LLC
Washington, D.C.

Human Rights Compliance in the Supply Chain

Roundtable 1: February 19, 2014



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

Presenters detailed the deficiencies of the auditing process and the difficulties companies face in investigating and regulating their own upstream supply chains. The Roundtable highlighted some of the limitations within existing regulatory frameworks such as the semantic ambiguity of international initiatives. Participants stressed the need for stronger and better clarified sanctions for businesses to improve compliance.

Today's global economy has fundamentally redefined the supply chain and its management. Companies now operate in complex webs in which partners, suppliers, sub-contractors and vendors come from all corners of the globe. While expanding a company's supply chain certainly has benefits, it also involves costs. As such, while companies do establish codes of conduct with their overseas partners, they often lack full oversight and control over some of the practices that exist in their factories. Because companies are increasingly held accountable when abuses and scandals make the headlines, companies are working to ensure compliance on human rights in their supply chains through better auditing, stricter sanctions, more comprehensive legislation or due diligence.

The first presentation provided an overview of the plethora of abuses encountered in upstream supply chains, particularly in factories. These range from the gross human rights violations that include human

trafficking, child labor, forced labor and discrimination to lower-level yet more common abuses like overcrowding, harassment, illegal overtime, unpaid wages, and disregard for safety or environmental regulations. While aware of these potential abuses, external auditors rarely hold parent companies responsible in their reporting. First, determining what is or is not acceptable outside of a company's code of conduct is complex, especially in different cultural contexts. Second, suppliers and sub-contractors often "cheat" audits, either through allowing selective inspection of their facilities, misrepresenting time records or even renting normally missing equipment specifically for the evaluation. When issues are raised, they are tackled with temporary solutions, but abuses tend to return once the auditors are gone. The work of consultants is rendered even more difficult as the industry is constantly changing, with new trends and new issues emerging yearly.

Whether auditors and the companies they represent are truly powerless facing these abuses is arguable. Though some companies may be aware of the abuses in the upstream supply chain, yet these issues are sometimes considered to be the "necessary side-effects" of the constant strive for lower production costs. Addressing human rights abuses simply does not always fit within the business model of all companies. As such, strict regulatory frameworks with harsh economic sanctions should be implemented to increase the cost of non-compliance and eventually compel companies to review their business plans.

Regulatory frameworks do exist, however, but they have limitations. The second and third presentations outlined some of these limitations and the alternative avenues to better compliance. It is increasingly difficult to implement change in legal and regulatory frameworks in emerging markets. Furthermore, sanctions might be efficient in the short-term but isolation is costly in the long

run. Sanctions are unsustainable, and human rights cannot be 'forced', rather needing to be embraced slowly by companies and integrated into their business models. Fortunately, many companies have moved in that direction, realizing that consumers do care about the issue of human rights, and that abuses in the upstream supply chain could be detrimental to their reputation and their profits. The concern is no longer about "them" (upstream companies and their workers), but also about "us" (downstream companies, their image, their sales). This market-based understanding has triggered a shift from an environment of strict compliance — some of which being arguably increasingly unnecessary — to one encouraging due diligence and the emergence of norms. Companies have begun to recognize the issues affecting their industries and to voluntarily sign onto protocols that seek to address them. Voluntary initiatives like the UN Guiding Principles and the UN Global Compact have, as such, proliferated, and are becoming the benchmark for partners in the supply chain. However, the presenter highlighted the ambiguity of some of these initiatives: The UN Guiding Principles Section 13 calls for companies to "seek to prevent or mitigate human rights impacts that are directly linked to their operations", which raises a

number of questions: Is the company directly linked to abuses through its sub-contractors? Would a company be responsible if one of its workers was involved in a case of domestic abuse after having consumed alcohol in the company's bar? Such language can be vague enough to be confusing.

Semantic ambiguity was one of the challenges debated by the participants during the roundtable. They noted that, because it is unclear whom these guidelines and reports are really targeting, they remain difficult to interpret and implement for businesses. When they seem to target the general public, they are sometimes disconnected from the ground realities. They do not really outline what is expected of businesses, nor do they provide real solutions. Participants also noted that embracing these emerging norms implied infiltrating the company's culture and changing its business model from inside out, which can be a lengthy and difficult process. Consequently, some in the roundtable observed that, although these guidelines and norms had been around for nearly 20 years, many industries have yet to see changes.

Some large companies have, nevertheless, made the shift and incorporated norms

within their business models. They have gradually implemented better programs, run better audits, have been stricter with their suppliers, while retaining their profitability and efficiency. Nike, for example, completely turned its image around after a series of sweatshops scandals in the 1990s, and is today seen as one of the global leaders in corporate social responsibility. After being censured by NGOs and advocacy groups, businesses have also bridged the gap with civil society, and are today interacting with the non-profit realm through roundtables and partnerships. It might take some time to build trust between these two realms, but examples exist where businesses are able to maintain their corporate objectives while NGOs are able to achieve their humanitarian missions. Starbucks, for example, has been increasingly involved with the Fair Trade movement. The goal becomes then to encourage smaller companies to follow the leaders and join the movement.

This meeting summary is intended to provide an overview of the discussion and is not intended to be a formal record of proceedings. None of the views expressed represent the formal or official views or position of any specific organization. Statements or opinions by any presenter or participant in this meeting are non-attributable.

Measuring Impact in Implementation

Roundtable 2: April 21, 2014



The success 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 examined how the effectiveness of implementation can be measured.

Presenters asserted that since human rights programs are not efficient from a technical perspective, these programs require unique forms of impact analyses. One presenter suggested that evaluators combine quantitative data with narrative analysis to identify and learn from successful programs. Roundtable participants maintained that a successful impact analysis of human rights programs requires historical and contextual understanding of the community in questions. The Roundtable concluded that human rights programs require comprehensive evaluations to determine their overall effectiveness.

When analyzing the impact and effectiveness of the Voluntary Principles on Security and Human Rights, many stakeholders demand demonstrable, quantitative results. In the field of human rights, results are often unquantifiable, and these elements of the data are just as imperative to the general evaluation. The Roundtable discussed the indicators that can be used, as well as the methods of measuring the effectiveness of implementation of the Voluntary Principles.

In an example of analyzing and evaluating the impact of a program that isn't easily quantifiable, the first presentation cited the United States Government's Peace and Security Index, which compiles quantitative data to measure its indicators. Many reports utilize numerical rankings and indexes. For example, The Fund for Peace's Fragile States Index and the CIRI Human Rights Data Project create clear and quantitative results that allow for further discussion and comparison.

When evaluating peace and security, effective evaluation will look both within a country as well as regionally for indicators and impact. In some cases such as Thailand, security issues are localized, thus data can be more internally focused, whereas al Qaeda's broad sphere of influence, from Mauritania to Eritrea, represents a regional security threat that must be evaluated on a broader scale. Many of the indicators evaluated allow us to see the progress a country or region has made, although they do not necessarily show how that progress was made.

To combat this, the presenter recommends a combination of quantitative data as well as narrative reports to fully represent the situation. The presenter uses a government agency's evaluation of counter-terrorism as an example. In this case, data was collected from five African countries using indicator scales, which allowed for the numerical representation of broad ideas and questions. Using a radar graph to illustrate

this quantitative data, the agency is able to assess the region-wide impact of their implementation.

When looking at results-based, quantitative measurements of impact, the second presenter stated, human rights work is not technically efficient. This statement does not mean that the work should not be carried out, but rather, it should be evaluated differently — using indicators to measure impact rather than a win-or-lose scenario. For example, measuring the work of human rights groups is much less clear than that of health services. Results of health services are tangible and direct in both the long and short term, whereas policy change involves multiples actors, opposition, and an unpredictable timeframe, all of which make determining causality much more difficult. For those working in the human rights field, the presenter recommended the following steps for the evaluation of their work:

- Development of a robust worldview: the organization must be able to establish an identity and goals, and be able to learn from both its successes and its failures;
- Doing the simple things right: the organization must take responsibility for details and outcomes, ensuring basic information is stable and settled;
- Distilling meaningfully: the organization must be able to boil down its data and translate it into meaningful information;
- “Horses for courses”: the evaluation must answer the preliminary question while adapting to available resources; and
- Adding to the innovation “to do” list: learning happens through exchanges, and the organization can use new ideas as tools.

The third presentation examined the difficulties of assessing the impact of human rights work due to the difficult nature of proving what did not happen, also referred to as “the dog that didn’t bark”. Additionally, it is nearly impossible to definitively analyze program impacts without comprehensive knowledge of the multifaceted regional background. The importance of contextual knowledge necessitates the examination of long-term indicators. Education and income, for example, can serve as representative indicators of long-term impact on a community.

The presenter used three main tools to measure the effectiveness of their work in the field of human rights. The first method, risk assessment, utilizes indicators of consequences, probability of an incident occurrence, and potential effect these incidents will have on the organization. The second tool is process Indicators: a set of Key Performance Indicators (KPI), which help to reduce the likelihood of incident occurrence and identify possible gaps within the organization. The last is Grievance System Analysis. Grievances are a difficult indicator to analyze because often, the community is unaware of how to report a grievance or are afraid to do so. The lack of reported grievances should not be an indication that there are no grievances. Similarly, a high number of grievances or a spike in reporting should not automatically be interpreted as an indication of a crisis, as perhaps the mechanism is working more effectively at capturing community concerns.

Collecting data was discussed, including the importance of properly compiling evaluations without external influence. This involves collecting data from a broad range of sources, as well as ensuring that human rights values penetrate every level of a company through training and departmental organization. Developments are often unquantifiable, necessitating a narrative-driven approach to data analysis. When measuring impact, it is important to add qualitative evaluation to data.

Participants discussed the importance of collaboration between their companies and NGOs. These exchanges allow for peoples’ perceptions of the companies to change through more transparency and reports of successes and failures by the NGO, which carry more weight than reports coming from within the company. Some feel that when sharing negative impact, the story is best coming from the company itself, while positive results should be reported by a collaborating NGO. Additionally, it is important to share the responsibility of impact as to not steal a project from a host country or multilateral team.

When analyzing the Voluntary Principles, it is important to recognize the targeted actors and measure the impact of the Voluntary Principles. Proper analysis of the impact of implementing the Voluntary Principles, as with any analysis of impact in the field of human rights, involves quantitative and qualitative data, narrative, and long - and short-term indicators.

This meeting summary is intended to provide an overview of the discussion and is not intended to be a formal record of proceedings. None of the views expressed represent the formal or official views or position of any specific organization. Statements or opinions by any presenter or participant in this meeting are non-attributable.

Maritime Security & the Extractive Industry

Roundtable 3: June 17, 2014



Maritime security is a subject often overshadowed by land security and consequently, is often overlooked. This Roundtable, however, was able to examine this often-ignored topic in greater depth. Some of the main issues discussed revolved around the role of both public and private maritime security and security in the extractive industry, particularly focusing on Africa. The Roundtable began with presentations from three different groups working on the aforementioned issues.

The first presentation focused on public security forces that are helping to mitigate security concerns in Africa. Many similar services seek to build defensive capabilities to protect national interests in their host region's extractive sector while promoting regional security and stability with the broader goal of enabling regional security to secure their own coasts. Through engagement with partners in extractive industries, public security forces are better able to ensure security in the region. The

Maritime security is an often neglected component of the security landscape and is 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 examined the importance and relevance of maritime security.

In the discussion of crime, participants asserted the causal relationship between economic deprivation and criminal enterprise, indicating that regions suffering from economic instability are more prone to crime. The Roundtable distinguished between different forms of crime, all of which necessitate specific mitigation strategies. In terms of preparedness, presenters demonstrated the importance of human rights training and emergency response teams. Participants testified to the importance of a foundational approach to security, addressing issues of language and communication technology first.

presenter noted the rising importance of maritime security in Africa indicated by the economic reliance on the fishing industry, which heightens the necessity of maritime security in mitigating threats ranging from pirates to oil spills. Generally, programs carried out by public security forces are asymmetrical, and if carried out in a different form would be ineffective.

The second presentation focused on the oil and gas exploration sector. By employing mitigation procedures as well as emergency response teams, oil and gas exploration companies ensure the safety of their staff in times of insecurity and/or natural disasters. Local public security forces employed by companies should adhere to the laws of the country in which they are operating. These forces are sometimes administered by local governments. The presenter noted that more often than not, security forces are given human rights training. In some cases, explorative companies choose to work with specialized law enforcement squadrons, but

this relationship, however, does not always function smoothly.

The third presentation focused on private security providers. Often, private security companies will establish relationships with local authorities but these relationships can be difficult to maintain. While these connections can be challenging, they are essential in establishing security in the host region, ensuring clear lines of communication, and allowing for sharing of expectations, particularly in regard to human rights standards.

Regarding problems of a transnational nature such as tackling piracy, cross-border crime and trafficking, one participant suggested that building capacity had to start with the basics. Some of these basic elements include simple steps such as hiring employees who speak the local language or dialect, and ensuring that communications equipment is adequate and in good working order. These

recommendations can provide better outcomes during emergency situations.

The dialogue among participants then steered towards crime. Regions more vulnerable to crime include areas with a high-level of poverty, underemployment, and a weak security infrastructure. Often, criminals cannot be stopped with regulation alone; properly trained personnel are often necessary.

Across Africa, criminals have different approaches to, and methods for generating profit. In East Africa, for example, criminals often target ships in-transit in order to ransom the boat and its crew. Fortunately, international navies and private security guards on-board these vessels have been able to deter and decrease the number of such criminal actions. In West Africa, the

approach by the criminals has been markedly different. Their priorities are to steal product rather than taking hostages. This has proven to be more difficult, as these actions are often conducted through broader networks. Additionally, these criminals are neither captured nor tried because of weak and corrupt regional judicial systems.

In order to deal with corruption, organizations must assess necessary programs, transparency, and regional partner agencies – all of which require significant resources including money and staff. When considering capability and capacity, it is important to distinguish between the two. Often, it is not a matter of capability but rather a question of capacity. Many countries have the capability but do they have the current capacity to address

security concerns? This question needs to be addressed in order to better assess the security situation.

This discussion was able to provide participants the opportunity to discuss and learn more about groups working in public and private maritime security. Most of the discussion centered on issues of capacity and capability, corruption, criminal networks, and other transnational issues.

This meeting summary is intended to provide an overview of the discussion and is not intended to be a formal record of proceedings. None of the views expressed represent the formal or official views or position of any specific organization. Statements or opinions by any presenter or participant in this meeting are non-attributable.

Grievance Mechanisms and Remedy Frameworks

Roundtable 4: September 15, 2014



This Roundtable delved into the subject of grievance mechanisms for strengthening relationships with the community and reducing incidence of grievances in the first place. Special attention was given to the challenges companies face in establishing effective and efficient grievance mechanisms.

The roundtable emphasized the importance of grievance mechanisms arguing that in our modern world, the responsibility to protect and uphold human rights is shared by businesses and states. Grievance mechanisms are not only critical from a human rights standpoint, they can create economic gains by reducing friction with local communities. This Roundtable discussion provided an opportunity for participants to discuss the purpose, process, and challenges of grievance systems in their industries, as well as the benefits of these mechanisms not only for the community they are in, but also to the company itself.

As our world becomes increasingly globally interconnected, it is becoming increasingly clear that governments and businesses have equal responsibility to protect and address human rights issues. Addressing grievances is beneficial not only to the communities but also to businesses. The goals of grievance mechanisms are to foster communication between companies and marginalized communities and to uphold and restore the rights of individuals.

Companies should have grievance mechanisms not only because of legal and ethical obligations, but because it creates more effective business operations and averts issues such as theft, protests, vandalisms, and other hindrances to production. An effective grievance mechanism's legitimacy is trusted by the community, is accessible geographically and financially, and should have predictable and stable guidelines. These mechanisms should be equitable and transparent, and must engage in further dialogue to sustain the

relationship between the community and the company.

The scope of the project should include a broad range of representation of stakeholders, local leaders as well as the larger population and should diverge from the power structure of the local community. In this step, it is crucial to distinguish between a complaint and a grievance: a grievance will eventually cause harm in a situation, and should be resolved before it becomes a larger issue.

When assessing risk, it is important to understand the nature of the field, the language used in the field and the dynamics of the environment, proximity, cultural and community relations. The scope and scale of the grievance mechanism must be defined, as well as the size of the community and how grievance would impact it. Lastly, changes that will occur after the grievance mechanism should be projected.

There are many crucial steps in developing a grievance mechanism. A company must demonstrate accountability by being receptive to grievances in order to establish trust within communities. Making elusive promises is counterproductive as unfulfilled promises can become targets for rallying community resentment. Grievances should be screened, assessed, and assigned to the appropriate team by local community teams. After investigation by an independent body, a resolution should be developed and acted upon, which may result in rejection of a grievance. After following up on grievances, it is crucial that companies learn from their experiences.

Establishing the grievance mechanism should include significant publicity throughout local communities to encourage popular use and foster enduring relationships with the community.

The mechanism should be tracked and monitored over time to ensure that the

community is satisfied with the results as well as the process. Root cause analysis is crucial in looking for holes in the project.

In many instances, there are cultural and traditional barriers for sections of the population in filing grievances. In this case, changes must be implemented both internally (through surveillance, security, and supervisors) and externally (through the work of NGOs and local communities) in order to promote expression. Often, traditional values being transferred through workforces serve as the main challenge in the investigation of a grievance.

Participants discussed the differing languages between human rights and business. While these variations can cause disparities, it is important to note that they are slowly converging and that there should be a shared understanding of grievance mechanisms. Rather than seeking to delay remedies, it is essential to help the clients and identify roots of the grievance.

In many cases, there is pressure put on the process to make hurried decisions and produce rapid results. To maintain the legitimacy of the process and effectiveness of the results of the grievance mechanism, it is crucial to maintain a careful and deliberate process. Using consultations to measure the expectations of clients, as well as balancing timing, aids in the process of building legitimacy and trust.

When considering the hierarchy of mechanisms, participants noted the state's duty to provide judicial structures, and that companies are taking on the role of the state and responsibility to provide access to remedies. It was noted, however, that states often lack the capacity to provide access to these mechanisms. In these cases, it is the responsibility of the company to know when and where to take on this role, and to assist in the development of these programs.

As many companies fund their own assessment and remedy programs, they must address risks in a timely manner.

Although a risk may not seem worthy of their assessment and urgent funding, without action or remedy, a risk may become a grievance.

As the intersection between business and human rights has merged over the last decade, the role of grievance mechanisms has become significantly more prominent. This Roundtable discussion provided an opportunity for participants to discuss the purpose, process, and challenges of grievance systems in their industries, as well as the benefits of these mechanisms not only for the community they are in, but also to the company itself.

This meeting summary is intended to provide an overview of the discussion and is not intended to be a formal record of proceedings. None of the views expressed represent the formal or official views or position of any specific organization. Statements or opinions by any presenter or participant in this meeting are non-attributable.

Engaging with Host Government Security Forces

Roundtable 5: November 4, 2014



Operating alongside public security forces is a near constant reality for extractive industries. The actions of those forces can heavily influence the stability of a company's operational environment. This Roundtable examined steps that companies can take to work productively alongside public security forces. The participants of the roundtable also shared recommendations for ways that companies can influence security forces to have more amicable relationships with the local community.

A strong and transparent relationship with host government security forces is mutually beneficial to both the military and the extractive industry company. Maintaining clear goals and boundaries during the establishment of such a relationship is crucial, and a military should act in the support of humanitarian assistance in order to build community trust. This Roundtable discussion opened the door to critical evaluation of these systems.

While operating in a host country, extractive companies are often faced with the engagement of public security forces. This Roundtable discussion observed the advantages, challenges, and tools of engagement with host government security forces, as well as the role and goals of these military forces. Understanding the host government as well as maintaining transparent relationships, both with the media, partners, local communities, and governments, are key tools in successful engagement with security forces.

There are multiple advantages for a nation engaging with host government security forces. Creating steady state relationships is an investment into an alliance which will be useful should a crisis occur. Soft power is generated through sustained multilayer relations. For example, encouraging international partnerships so no nation acts unilaterally generates soft power. Lastly, these relationships allow for greater situational understanding. Contextualization and analy-

sis of strategic and operational capabilities of the host government's security forces becomes possible, as well as recognition of warning points.

In regards to a company's paradigm shifts, it was noted that often these come with a change in budget and programming rather than in policy and doctrine. Generally, security programs are recently about broader security, and peacebuilding is not a consideration. In these cases, a military becomes an extension of diplomatic capability, while security capability is only improved through learning organization.

Soft power is accomplished when there is an investment in human security, more than national security. When there is an overreliance on the military, diplomacy and development efforts are pushed aside, and when a government fails, a military is left to step in. A military should be integrated and used in support of national priorities rather than leading these efforts. If a military is seen in

the forefront of accomplishing a nation's goals, there is often a negative perception associated.

One presenter argued that a military should be professionalized as an institution, while maintaining the ideas of public service and responsibility. When this is not the case, a military loses sight of its purpose and is more susceptible to corruption and mismanagement. When engaging with host government security forces, a military should act upon two rules: expectations must be communicated and problems must be approached from the host country's perspective.

It is crucial to incorporate safety and a secure environment into the company's core values, and these security issues are rooted in social development. A company's human rights policy may include security principles such as working with public security forces and collaborating with outside security forces. All levels of a company should have a

system for identifying and handling high risk situations in accordance with the Voluntary Principles.

Participants noted that although building a military-to-military relationship is straightforward, it is also important to consider other opportunities. There is a benefit to exchange that extends well beyond a military-to-military relationship. For example, a naval commander with a Western education has benefitted widely from the partnership between nations, thus would be significantly more likely to maintain relations in the future and see the value of such affiliations. When a company is engaging with a host government or military, it is crucial to think strategically and act tactically, while considering global consequences and performing on a local level.

While transparency, both within security circles and the public, is an important tool in building community trust, some information would have a negative impact on the community. Giving context specific answers when interacting with media has multiple benefits. Firstly, it gives the company an

opportunity for transparency without giving up harmful information, which creates a crucial allied relationship with the media. Trust with a host government is built through acting on strategic outcomes rather than tactical strategies, all of which is displayed through a company's transparency.

An example of possible engagement with host government security forces would be in disaster response. Following the Oslo guidelines, a military must act only in support of humanitarian assistance. Generally, to avoid the perception of a public relations stunt, a response team must be sent out before the military, and the military is only deployed if an exit strategy exists. Without an exit strategy, the military will often destabilize more than it helps a situation.

When an incident does go wrong, the process of management consists of three steps. Leverage networks and relationships must be coordinated, which necessitates complete understanding of capabilities and limitations in the situation. Addressing both individual and constant problems ensures that a situation does not regress. Lastly,

management of grievances helps to avoid the situation of an ambivalent government creating worse crises.

A strong and transparent relationship with host government security forces can be mutually beneficial to both the military and the extractive industry company. Maintaining clear goals and boundaries during the establishment of such a relationship is crucial, and a military should act in the support of humanitarian assistance in order to build community trust. Engagement with a host government's security forces is a near constant occurrence for extractive industry companies, and this Roundtable discussion opened the door to critical evaluation of these systems.

This meeting summary is intended to provide an overview of the discussion and is not intended to be a formal record of proceedings. None of the views expressed represent the formal or official views or position of any specific organization. Statements or opinions by any presenter or participant in this meeting are non-attributable.

Managing First Contact

Roundtable 6: December 16, 2014



The actions of a company in the initial stages of exploration can significantly shape community perceptions, attitudes, and expectations during the later stages of a project.

This Roundtable focused on establishing Free, Prior, and Informed Consent (FPIC), ensuring that projects get off to a good start with all stakeholders, and creating productive relationships at the beginning of a project. The Roundtable emphasized the importance of cultural understanding and risk management in the early stages of engagement. Early engagement must address issues of cultural and social barriers to communication as well as the alleviation of grievances. These measures can help to achieve a stable operating environment for the given project and any future project in the region.

When entering a new environment, mining companies must be aware of their perception and actions within a new community. This Roundtable discussed the necessity and impact of Free, Prior and Informed Consent (FPIC) of the host community on their involvement. By creating a concrete and consensual relationship throughout each phase of the explorative project, all stakeholders are likely to benefit more and set themselves up for a stable working relationship for the future.

FPIC involves rights for indigenous peoples and best practices to safeguard human rights for any extractive project. In this model, communities have the option to consent to or reject a project at each phase of project development free from coercion. Ideally, consultations with local communities occurs prior to the authorization of a project by a government or third parties.

Support for the concept of FPIC is growing

globally, particularly in areas of Africa, Latin America, and Southeast Asia that have seen a large demand for FPIC from civil society. FPIC has been incorporated into many corporate structures to ensure that indigenous peoples have their voices heard during the duration of the project.

Early engagement can be difficult because of cultural and social barriers. Community protocols are effective tools in early engagement. This includes respecting traditional means of decision making, engaging marginalized groups, and developing strategies to overcome communications barriers. Additionally, participatory mapping and signed and community-validated agreements ensure the alleviation of grievances early in the process of engagement.

Early engagement of communities is an important factor to a productive project. Many communities use a local referenda system to make decisions, but any

traditional means of decision making in the community should be respected. Without early engagement, the risks of the operation increase. Social conflict is hugely expensive for companies, as well as being damaging to communities. Respecting the rights of a community and reducing the risks involved is a key step in the FPIC process.

Exploration is the first stage of the mine development cycle. It is a slow and methodical process. A site may be explored by many different companies in the duration of its existence. Fewer than 1 in 10,000 mineral discoveries become a mine, so it is a high risk process, particularly in managing community expectations. Exploration companies are often the first point of contact between communities and the mining company, thus it is crucial to engage with the community at this stage.

To further this point, it is important for the mining company to identify for whom this is first contact and, if it is the community, with

what is this the first contact, such as with mining or with the industrial world in general. Additionally, it is important to consider the role and interest of the government in the mining process, as well as a way to incorporate them that is effective for both parties. Gaining the support of the community has a significant impact on the probability of gaining investment and buyers in an explorative project.

Engagement with communities at each phase of project development is imperative, especially with an evolving project as relationships and needs can easily change from one phase to the next. In one example, a project that began offshore moved onshore — with the move onshore came increased interaction and friction with local communities, which the project had not prepared because the initial intention of the project was to remain offshore. Therefore, contact between the corporate headquarters and the project field staff needed to be strong in order to accommodate a shifting situation and its impact on the local community.

The social license is not a static contract, which is in the best interest of both the affected communities and the company

because it builds trust at each new phase and emphasizes the importance of consent at each changing stage. In order for there to be a productive relationship between a company and a community, there must be continual mutual understanding.

A well-intentioned government will respond proactively to communities. It is important to balance the rights of communities to attain resource wealth with the rights of local communities to their land. There are special protections for indigenous peoples, but that is only one aspect. The risk of social conflict with internal sovereignty is evidence that there needs to be a social license in order to operate a mining project. The government is not always speaking for its people, therefore, negotiating and communicating exclusively with the government will not ensure the same social license as the communities might authorize.

In a generic instance, there should be intermediaries at every stage. In the stage of first contact, the intermediary can be a representative of both parties and provide introductions. Later on, the intermediary could be more specialized, such as in environmental or development issues. They provide skills, money, and credibility. If a government organization can be utilized,

the policies can then be institutionalized. Finally, a common practice seems to be that a company contracts a consulting company to do all community relations in an entirely proxy manner. Local governments and partnerships are key, although often, local communities can struggle to see the difference between the two as they are both assumed to be rich, foreign, perhaps untrustworthy and without the best interest of the community in mind.

The participants of this roundtable highlighted the importance of a continuing and communicative relationship between the company and the host community, which involves cultural respect as well as risk management on both sides. Creating a stable relationship through early engagement benefits the company in that with more community support, there will generally be more profit from all stakeholders in the future.

This meeting summary is intended to provide an overview of the discussion and is not intended to be a formal record of proceedings. None of the views expressed represent the formal or official views or position of any specific organization. Statements or opinions by any presenter or participant in this meeting are non-attributable.



www.fundforpeace.org