Peacebuilding Business Criteria

Core issues

Introduction

The Peacebuilding Business Criteria (PBBC) have been developed by PeaceNexus to clarify what companies can do to contribute to the stabilisation of fragile states. The goal was to simplify and harmonise the competing answers that different experts have for this question.
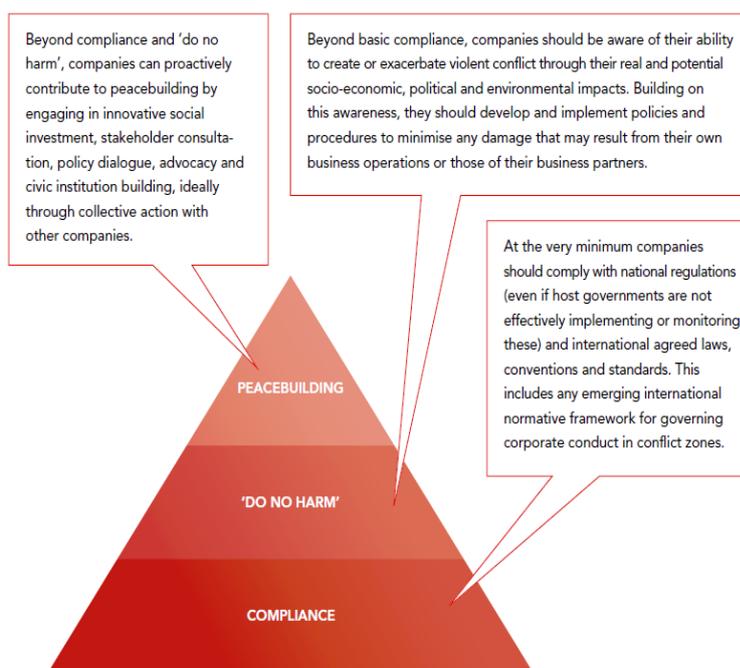
Scope

The Peacebuilding Business Criteria are intended to be applied solely to businesses that operate in fragile and conflict-affected states.

Relation to existing standards

There are already a range of standards and guidelines that apply to businesses operating in conflict-affected contexts. The Peacebuilding Business Criteria are not intended to replace or supersede these resources. The role of the PBBC is to synthesize the material available in these resources, and adapt them to serve as a complement to existing environmental, social, and governance (ESG) as well as human rights standards applied in the financial sector. The PBBC are premised on the idea that companies have an interest in stability, and hence focus on behaviours that actively promote peaceful and resilient environments. In the diagram (van Dorp, 2014, p. 16) this means that the focus of the criteria is on the highest level – positive peacebuilding impact – with the assumption that all underlying criteria are already met.

Beyond compliance and 'do no harm', companies can proactively contribute to peacebuilding by engaging in innovative social investment, stakeholder consultation, policy dialogue, advocacy and civic institution building, ideally through collective action with other companies.

Beyond basic compliance, companies should be aware of their ability to create or exacerbate violent conflict through their real and potential socio-economic, political and environmental impacts. Building on this awareness, they should develop and implement policies and procedures to minimise any damage that may result from their own business operations or those of their business partners.

At the very minimum companies should comply with national regulations (even if host governments are not effectively implementing or monitoring these) and international agreed laws, conventions and standards. This includes any emerging international normative framework for governing corporate conduct in conflict zones.

PEACEBUILDING

'DO NO HARM'

COMPLIANCE

Crosscutting activities: Analysis and Advocacy

Companies working in fragile and conflict contexts are advised to carefully analyse and continuously observe the context and stakeholders related to each issue area.

Key principles / *keywords* of context analysis and monitoring are:

- Stakeholder identification, analysis and engagement – *stakeholder engagement*
- Context issues identification and analysis (security situation, legal provisions, business framework and practice, conflict history, power relations etc.) – *context analysis*
- Corroboration of information through multiple sources – *multi-stakeholder consultation*

A peacebuilding company proactively advocates for improved conditions that incentivise business activities and help society as a whole. The following advocacy principles can be applied to most issue areas.

Key principles / *keywords* of advocacy are:

- Addressing divides between national and international standards – *promoting international business standards*
- Addressing needs of local populations – *promoting social and human rights*
- Building coalitions with private sector partners to improve the business framework (including anti-corruption efforts, promoting a functioning judiciary, fair labour conditions, transparency on contracting and taxes, fight red tapes, promote security and safety, promote the respect for human rights, environmental standards, land claims etc.) – *building business peace coalitions*
- Addressing needs of local businesses (source locally, create business opportunities, train partners on their peacebuilding role, possibly protect local partners from politically motivated discrimination) – *supporting local economic actors*
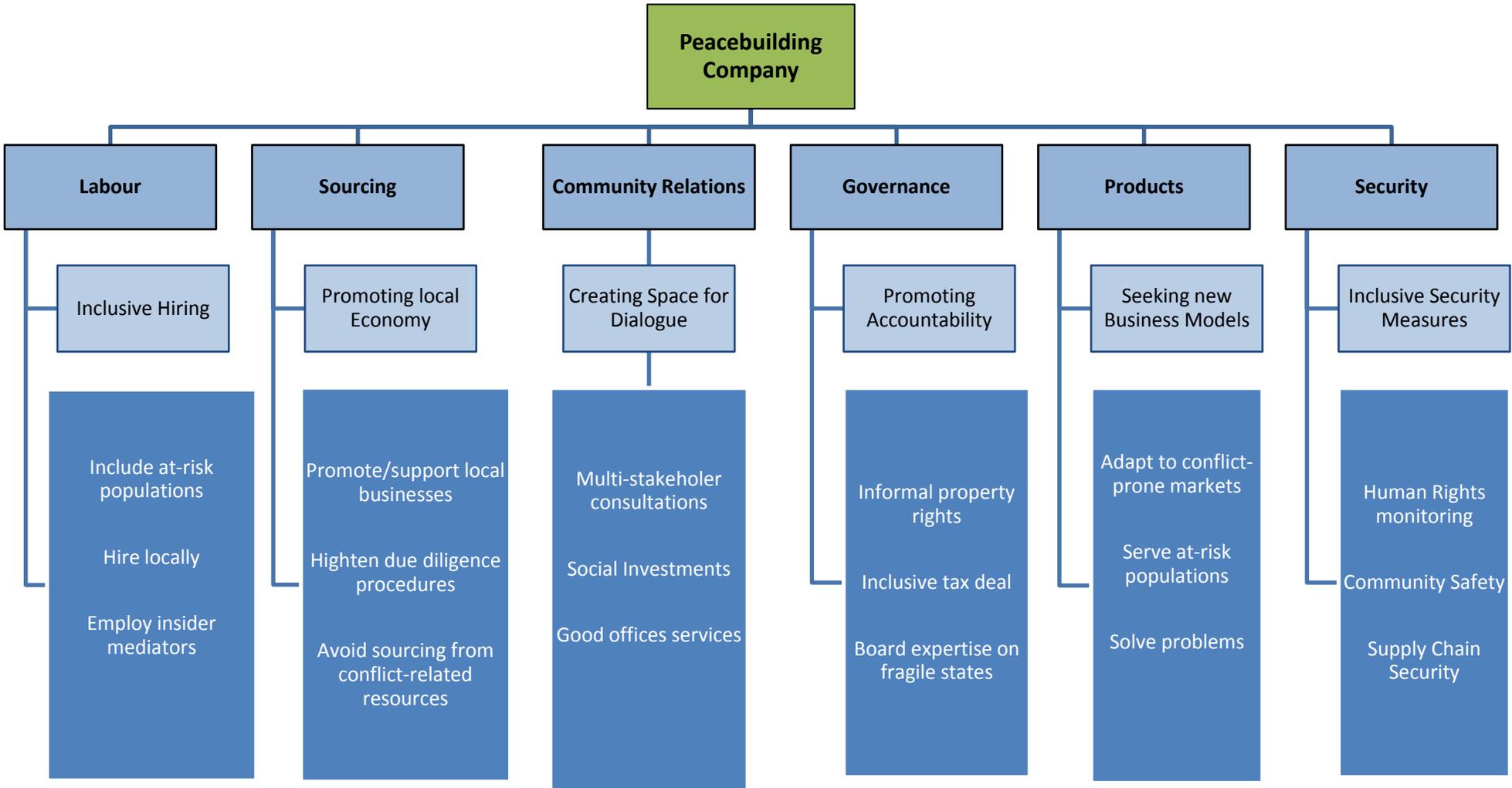
Structure

Given the intended financial application of these criteria, the following structure has been adopted:
- The criteria have been grouped under six overarching **issues**: Labour, Sourcing, Community Relations, Governance, Product and Security.
- Under each area there are **key objectives**, such as 'Inclusive Hiring' or 'Creating Space for Dialogue'.
- Under each objective, there are a number of **indicators**, which elaborate on the activities that a peacebuilding business would pursue on that issue. These indicators are further explained on pages 4ff.

Peacebuilding Company

Labour
- Inclusive Hiring
  - Include at-risk populations
  - Hire locally
  - Employ insider mediators

Sourcing
- Promoting local Economy
  - Promote/support local businesses
  - Highten due diligence procedures
  - Avoid sourcing from conflict-related resources

Community Relations
- Creating Space for Dialogue
  - Multi-stakeholer consultations
  - Social Investments
  - Good offices services

Governance
- Promoting Accountability
  - Informal property rights
  - Inclusive tax deal
  - Board expertise on fragile states

Products
- Seeking new Business Models
  - Adapt to conflict-prone markets
  - Serve at-risk populations
  - Solve problems

Security
- Inclusive Security Measures
  - Human Rights monitoring
  - Community Safety
  - Supply Chain Security

Labour Practices

Set and implement **inclusive hiring policies** that acknowledge and as best possible address divisions within society
- Explore diversity standards or affirmative action programs to ensure to *include at-risk populations* (minorities, women, unemployed youth, ex-combatants) into your workforce and to avoid as best possible that hierarchies within the company reflect existing divides within society
- Incorporate a preference for *local recruitment* into hiring policies to provide jobs in your neighbourhood
- Hire *insider mediators* to deal with inter-group conflicts within the workforce

Sourcing and Distribution

Where appropriate, **strengthen the local economy**
- Explore opportunities to *promote/support local businesses* for your value chain
- *Adapt due diligence* procedures to your partners (including the assessment of their political affiliations, level of corruption, possible criminal connections, sectarian or ethnic affiliations, human rights history, and the extent to which they comply with international standards)
- Ensure your suppliers take measures to *avoid sourcing of conflict-related resources* (e.g. 'conflict minerals')

Community Relations

Create spaces for dialogue on issues affecting the company and neighbouring communities
- Organise *multi-stakeholder consultations* to identify and address community needs
- If meaningful for the business model and in line with government plans *make social investments* to address community needs
- Offer *good offices services* by providing safe and neutral spaces for mediation between armed groups, the government, and other relevant stakeholders

Governance

Promote high standards of **transparency and accountability** both within the company and in interaction with different partners
- *Clarify property rights through stakeholder consultation* to make sure there is consent for the use of land and natural resources; facilitate dialogue between government and communities if there is disagreement
- *Negotiate contractual agreements to share value,* i.e. make sure the local population benefits from your taxes; if possible, make the deal public
- Ensure there is a *representative on the board with knowledge of conflict sensitivity and experience with fragile contexts*

Product

Adapt your business model in favour of specific needs of consumers and producers in fragile and conflict-prone contexts
- Identify business opportunities based on a *conflict-sensitive market analysis*
- Especially *serve consumer needs of at risk populations* (e.g. women, youth, ex-combatants, minority groups etc.)
- *Develop products that serve problem-solving* in fragile societies

Security

Adopt an inclusive approach to **company and community security** that involves local community members, local police and, if meaningful, business partners
      ▫ *Record and report human rights abuses* in your neighbourhood to stakeholders that can take action (government, UN forces, company security)
      ▫ *Promote community safety* where your workers live
      ▫ Incorporate provisions for *supply chain security* to protect business partners

10 Key Questions

The following questions do not capture the full scope of the peacebuilding criteria, but rather provide a light introduction to the main themes as a means to start a conversation on the important issues.

1. Do you conduct a systematic process of conflict analysis and stakeholder mapping to inform your business decisions?
2. Do you conduct regular monitoring and stakeholder consultation to allow local actors to express concerns about your activities and provide effective grievance and remediation mechanisms?
3. Do your business' hiring practices aim to promote social inclusiveness and create jobs for the local population?
4. Does your business conduct high levels of due diligence to ensure that no business in your supply chain is contributing to violent conflict?
5. Do you target your social investment to address the needs of communities affected by your operations in a way that benefits all groups in those communities?
6. Do you take a consultative approach, premised on broad community acceptance, to acquiring or accessing land for your business?
7. Do you work with government, other businesses, and community stakeholders to promote international standards on human rights and accountability?
8. Do you incorporate performance standards related to conflict-sensitivity or peace promotion (such as maintaining good stakeholder relations, or conducting thorough due diligence) into contracts, at both the operational and executive level?
9. Do you adapt your business model in favour of specific needs of consumers and producers in fragile and conflict-prone contexts?
10. Do you engage with police and militia to develop a sustainable and inclusive security approach around your operations and neighbouring communities?