



# Human Security

# Business Partnerships

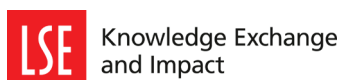
A framework for collaborative action and innovation



United Nations Trust Fund  
for Human Security



Bureau Van Dorp





# Executive Summary

This report presents the Human Security Business Partnership Framework, an innovative model to assist companies and investors work with communities, the UN system and local stakeholders to achieve the Sustainable Development Goals (SDGs) and contribute to peacebuilding and reconciliation in fragile and conflict-affected settings.

The HSBP Framework is a practical, solution-focused guidance that aims to address the multiple risks and challenges that confront business and communities in environments where development is needed, but can lead to confrontation and unwanted consequences. The Framework consists of a set of principles, processes and tools to structure long-term collaborations between the private sector and the community that can bring about positive change with benefits for all. Using the ideas and methodology of human security and a 'smart' partnering approach, Human Security Business Partnerships can help realise the ambitions of the sustainable development agenda through transforming the relationship between business and society, and encouraging positive interactions between companies and communities.

In this report we explain why the HSBP Framework is needed at this time, and how it adds value to what states, the UN system and the private sector are already doing to contribute to more stable, inclusive and prosperous societies.

Each context for development is different. The HSBP Framework is not about suggesting a single approach, or that one size fits all in how companies should engage with local communities and development issues on the ground. It offers guidance on how diverse actors can work together to find and expand common ground, tackle their respective risks and achieve their various interests through working together. It seeks to fill the gaps that exist in finding integrated solutions to complex challenges, and in connecting the objectives and interests of global and national business with the everyday hopes, fears and expectations of people in order to achieve sustainable development outcomes.

# Acknowledgements

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# 1 Introducing the HSBP Framework for business-community collaborations

In 2020 COVID-19 posed the greatest global challenge to human security in generations, bringing economies to a standstill with wide-ranging and lasting consequences to how people live, do business and interact, personally, locally nationally and internationally. The COVID-19 pandemic represents a multi-faceted threat to the physical and material wellbeing of individuals, their communities and their futures. For people who were already vulnerable, the direct health risks of COVID-19 plus policies to limit transmission of the virus have exacerbated existing threats and jeopardised efforts to achieve sustainable development.

In many countries, governments have turned to the private sector to supplement public resources through providing equipment and services to the health sector, implement social distancing measures and in restarting economic activity. COVID-19 is not the only impetus for companies to share responsibility for improving the development and security of communities, and vulnerable people in particular. The pandemic brings new urgency to the call, that is central to the UN's development agenda, for the private sector to play its part in improving the quality and level of development for millions of people across the world. The private sector is a heterogeneous entity that includes small business and entrepreneurs as well as global corporations and financial investors. For all of these entities COVID-19 has signalled an end to business-as-usual, and stimulated a rethink of traditional behaviour.

This report is about how private business, and in particular transnational corporations (TNCs) at the head of supply chains can respond to the call to contribute to sustainable development and the building of a more peaceful world. It addresses how companies and investors can become part of integrated responses to address immediate crises like COVID-19 as well as chronic threats to lives and livelihoods, especially in the world's most fragile places. It contains proposals for how the UN system and governments can work with companies at the local level, to unleash the potential of private business as a force for positive change and human security, to realise the ambitions of the Sustainable Development Goals (SDGs), and create durable solutions to crisis and vulnerability.

In 2019 the UN Business and Human Security Initiative at LSE IDEAS, working with the UN Trust Fund for Human Security (UNTFHS), partnered with Business and Human Rights, International Alert, Peace Startup Foundation, French business school ESSEC-Irene and BuildUp, to develop a social innovation model for engaging the private sector in sustainable development and peacebuilding and for supporting good governance and strong institutions at the local level, as a practical contribution to achieving the SDGs. This model, called the *Human Security Business Partnership Framework (HSBPF)* combines the human security approach and methodology with effective multi-stakeholder partnering.<sup>1</sup> The Framework offers guidance to help companies and investors work with communities, government and civil society at grass roots. It is a mechanism for UN agencies and governments

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1 See United Nations Trust Fund for Human Security (UNTFHS) (2016), "Human Security Handbook: An integrated approach for the realization of the Sustainable Development Goals and the priority areas of the international community and the United Nations System"; A/64/701 Report of the Secretary-General to the Sixty fourth session of the United Nations General Assembly, Human Security; A/66/763 Report of the Secretary General, Follow up to General Assembly resolution 64/291 on human security; A/68/685 Report of the Secretary- General, Follow up to General Assembly resolution 66/290 on human security

to collaborate with the private sector on a day to day basis. And it is a practice-based solution to align diverse interests and operating cultures of public, private and civil society sectors, around the development needs, capacities and aspirations of local communities.

Through this novel application of human security, the Framework is intended to encourage and structure collective action between business and other stakeholders, helping to overcome historic mistrust between these actors, and the real difficulties of bridging different ways of working, worldviews and even language. The Framework puts forward pragmatic suggestions for how to place business-community relations on a new footing in order to organise lasting collaborations which are capable of delivering real change.

The report '[People Profits and Peace](#)' which set out the idea of HSBPs highlighted how business has a unique role to play as employer, investor, or contractor in societies facing challenges of development and transition from conflict or crisis. In these fragile environments states, international organisations, and non-governmental organisations (NGOs) have traditionally taken the lead in reconstructing societies after crisis and creating development with security. Through their presence on the ground in fragile environments, and their unique set of skills and resources, companies have the potential to help these endeavours. They can generate positive impacts not only in terms of new economic opportunities but also benefits for social equality, governance, and the natural environment.

The HSBP Framework is directed to provide protection and empowerment, that are explicit in the concept of human security. It contains a vision of companies, working with other key stakeholders, to contribute to a safer, healthier and more equal world, in a way that also offers improved prospects for business, via a process of mutual de-risking of corporate and investment interventions in communities.

The core proposition of this report is to how to move from theory to practice: how the UN, governments and civil society can work with the private sector to mitigate

threats to people, reduce operational risks and create positive transformations that improve human security, and enable companies to achieve environmental social and governance goals. The report addresses an opportunity gap at local level where companies need strategies and tools to help them work with communities to overcome threats and improve development opportunities with benefits for all.

This report outlines the steps of a human security approach that can work for business, using the Framework as an innovative governance model to structure and sustain collaboration with local actors. Section 2 outlines how this approach fits into a changing global context for both development and business behaviour. Sections 3, 4 and 5 explain the guidance contained in the HSBP Framework and set out concrete steps involved in setting up and organising human security business partnerships. Section 6 presents sample cases of where HSBPs can add value to what is already being done by companies and as part of interventions to help fragile societies. The report concludes with recommendations for both policy and practice change to help implement this novel approach.

The report is aimed at actors within the UN system, in the private sector, in government and civil society who increasingly see the need and value of multi-stakeholder and integrated action to achieve the SDGs and respond to crises such as the COVID-19 pandemic. It complements the work done over the past two decades by the UN Global Compact and the UN Guiding Principles on Business and Human Rights to address both the harmful and the positive potential of the private sector in situations of fragility, crisis and conflict. And it codifies multi-stakeholder partnership arrangements promoted by the UNTFHS in its programmes to enable a broader sharing of best practices. As a model of multistakeholder governance, the Framework offers a practical instrument to realise the ambitions of these initiatives, as well as to reinforce the local platforms and processes by which the UN seeks to address the multiple development and security challenges facing communities.





Multi-stakeholder partnerships and the resources, knowledge and ingenuity of the private sector (...) will be important to mobilize and share knowledge, expertise, technology and financial resources, complement the efforts of Governments, and support the achievement of the sustainable development goals, in particular in developing countries.

(UN 2015:5)

## 2 Responding to a changing global context

The private sector has traditionally been on the margins of development initiatives. States, international organisations and third sector players in civil society have dominated both the financial and knowledge components of aid and intervention in fragile and conflict-affected FCS contexts. This has changed through a combination of shifting patterns of development assistance from public, ODA budgets to include private funds and UN initiatives which have accorded the private sector a critical role in the financing and implementation of interventions to alleviate human insecurity (Richey and Ponte, 2014). With the [Addis Ababa Action Agenda](#) (AAAA) and [Agenda 2030](#) which set out ambitious targets and a framework for action on sustainable development, the conversation between traditional development actors and the business community has radically altered. Sustainability requires transnational companies to address the challenge of human security. By acting directly and in conjunction with their supply chains, the world's largest companies have been accorded a vital position in terms of providing not only the financial resources required to achieve the SDGs, but in acting as norm shapers, and repurposing trade and commerce to create a sustainable future.

UN initiatives represent a crucial shift in framing sustainability as being in the commercial interests of business. The SDGs set out specific areas in which companies can mainstream sustainability as a core business activity, for example Goal 12. This marks a departure from seeing environmental, social and governance (ESG) goals as a form of discretionary business philanthropy or classic corporate social responsibility (CSR). The SDGs envisage a new role for the private sector that also goes beyond compliance with regulatory mechanisms such as the UN Guiding Principles on Business and Human Rights (UNGPs) or codes such as the Voluntary Principles on Security and Human Rights. It sees them as partners in the development process, investing in areas such as decent work, gender equality, and clean water at the heart of Agenda 2030, stimulating inclusive growth and job creation. Initiatives such as the UN Global Compact and the business for peace (B4P) stream of practice change and scholarship, have also focused attention on aligning business and social goals. These trends have taken place against a backdrop where companies are facing increased public pressures and expectations of positive engagements with society. Norms that put environmental social and governance (ESG) goals at the

“We believe that an economically efficient, sustainable global financial system is a necessity for long-term value creation. Such a system will reward long-term, responsible investment and benefit the environment and society as a whole.”

PRI mission statement



“The United Nations development system is at a pivotal moment. Across the world, one can see solid momentum behind the Sustainable Development Goals as civil society support grows, the private sector recognizes the benefits of engaging, and more and more leaders put their political weight behind the enterprise, which has so much potential for so many” (UN, 2017)

heart of corporate strategy urge companies to demonstrate purpose as well as profit. The investment community sees new market opportunities in the effort to recalibrate economic behaviour. [The Global Investors for Sustainable Development Alliance](#) (GISD) established by the UNSG in October 2019 is made up of 30 CEOs, recognized leaders of major financial institutions and corporations spanning all the regions of the world. The GISD alliance seeks to increase the supply of long-term investment for sustainable development, realize SDG investment opportunities in developing countries and enhance the impact of private investment on sustainable development.

[The Principles for Responsible Investment](#) (PRI), supported by the UN, which encourage investors to use responsible investment to enhance returns and better manage risks, is another example of enlarging the space for the private sector to embrace sustainability and ‘ESG’ issues as it pivots towards a new ethos of social consciousness.

The AAAA and Agenda 2030 both highlighted partnerships—between companies and governments, and between companies and communities and the UN system—as an important means of involving private business in long-term efforts to improve development outcomes. Multi-stakeholder alliances are proposed as a way of aligning private and public sector goals, and of encouraging private business to actively engage in implementation and monitoring of the SDGs (UN 2015:17). Effective partnerships between stakeholders including business are seen as important preventative tools that build societal resilience. They are a mechanism by which business does not simply react to crises as in the past, but actively deploys finance, technology and logistics to create stronger, healthier and more peaceful communities (UN, 2017).

Other multilateral institutions are also developing channels and instruments to encourage the private sector to seek opportunities and engage in developing countries. The World Bank seeks to help businesses increase their impact by connecting with local supply chains and [strengthen their relationships with local communities](#). The Bank is working to mobilize additional capital for the 2030 Agenda, partly through mitigating risks in emerging and high-risk markets<sup>2</sup>.

The OECD’s [PCSD Partnership](#) brings together governments, international organisations, civil society, think-tanks, the private sector, and other stakeholders to enhance policy coherence for sustainable development (SDG 17.14) as a key means of SDG implementation.

[The Private Sector Engagement for Sustainable Development](#) examines the politics, policies and institutions behind private sector engagement, the focus and delivery of private sector engagements, private sector engagement portfolios, effective partnership and thematic issues including risk, leverage and ensuring results. The Organisation is also a source of guidance for governments working with private enterprise partners through its 2007 [OECD Principles for Private Sector Participation in Infrastructure](#)

2 Three critical areas: (i) finance, (ii) data, and (iii) implementation—supporting country-led and country-owned policies to attain the SDGs Text from: <https://www.worldbank.org/en/about/partners/the-world-bank-group-and-private-sector/overview>

## The UN Reform Agenda

Partnership with the private sector has also featured as part of reform of the UN system and efforts by the UNSG to enhance the role of the organisation. It has become increasingly commonplace to cite the private sector as a key counterparty that the UN should deal with, alongside civil society and academia as well as governments and both national and local actors.<sup>3</sup> As the UN has sought to intensify its engagement and create alliances with business on specific agendas such as gender equality and policies for youth as well as the spectrum of SDGs, in line with SDG 17 which calls for partnerships at all levels between diverse stakeholders, a gap has opened up regarding how such co-operation can be implemented and made to endure with lasting benefits on the ground. An increased focus on operationalising the humanitarian-development-peacebuilding nexus and bringing together the different parts of the UN system and agency expertise also means thinking about how to sequence the various contributions from public, private and civil society actors in response to challenges on the ground.

While the SDGs represent an important reset changing the way business interacts with society, particularly in fragile settings, implementation of the goals remains patchy. The concern is that much of the sustainability agenda remains 'declaratory'—a rhetorical commitment among a few business leaders—rather than embedded as a practical new way of doing business by the mainstream.

The COVID-19 pandemic has increased the urgency of the sustainability agenda, while making it also more challenging for companies to implement it in the face of setbacks to profitability and normal economic and social life. COVID-19 has underlined the need for comprehensive, integrated responses which include companies and investors as active collaborators, rather than just passive financiers of development. As part of moves to rethink existing economic models and 'Build Back Better', the pandemic has spurred efforts to redefine the role of business in society, opening new opportunities for collective action across the public-private-civil society divide.

In May 2020 UNDP estimated that global human development in 2020 as a combined measure of health, education and living standards was on course to decline for the first time in 30 years as a result of COVID-19. This setback will affect all societies, developed and advanced and take place across all regions ([UNDP, 2020](#)). The need for business to play its part in addressing vulnerability and inclusion is apparent not only in relation to COVID-19, but on issues such as displacement and forced migration, humanitarian disasters, and the dislocations caused by climate change. (UN 2016; 2018a; 2018b; Bisong and Knoll 2020)

'We need to reshape capitalism from the bottom up. The UN and the UN have been talking past each other. We need a serious conversation about how this collaboration would work'

Amina Mohammed,  
Deputy SG, Chair  
of UN Sustainable  
Development Group

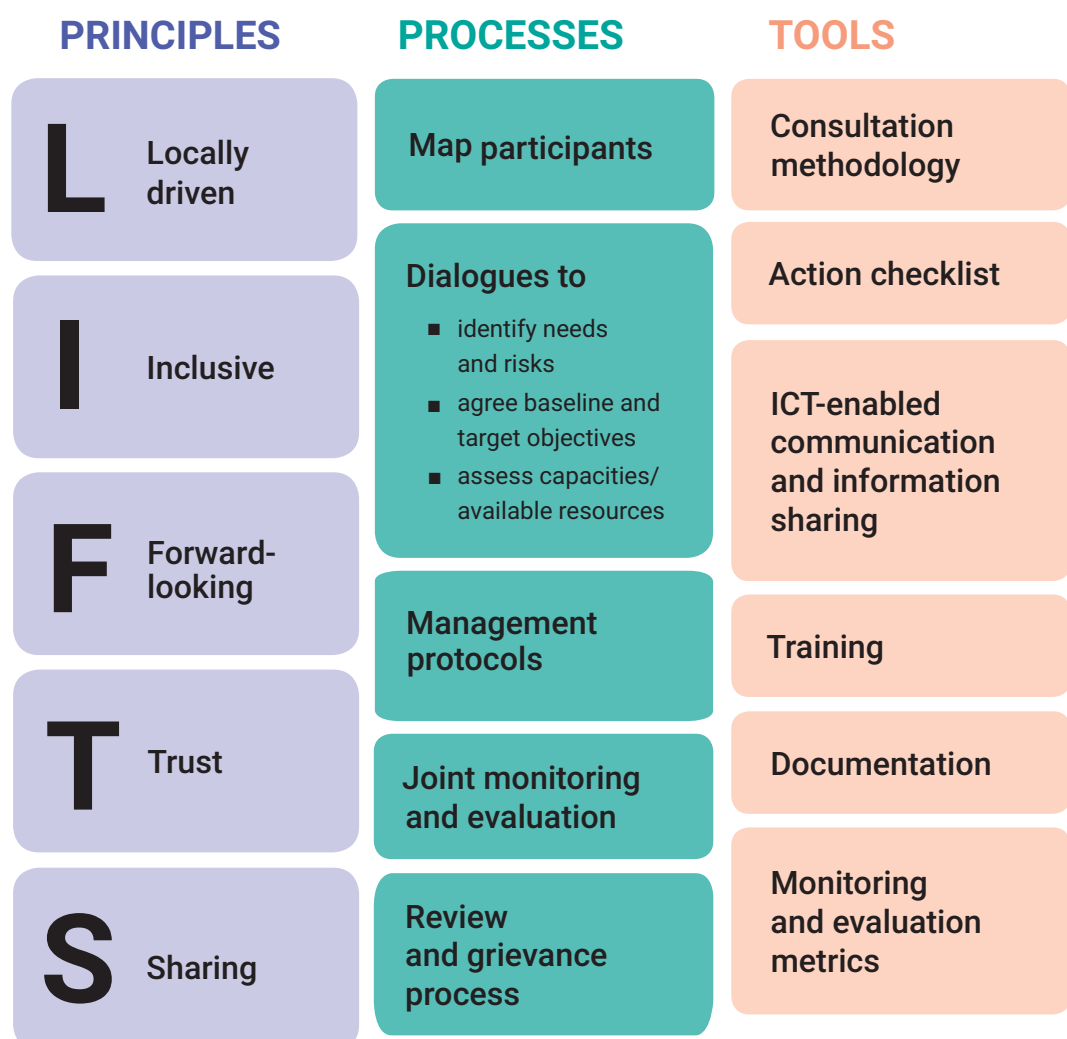
<sup>3</sup> See A/72/525 - Restructuring of the United Nations peace and security pillar - Report of the Secretary-General; A/73/63-E/2018/8 - Implementation of General Assembly resolution 71/243 on the quadrennial comprehensive policy review of operational activities for development of the United Nations system, 2018 - Report of the Secretary-General; A/72/124-E/2018/3 11 July 2017 - Repositioning the United Nations development system to deliver on the 2030 Agenda: ensuring a better future for all.

# 3 What is the Human Security Business Partnership Framework and why do we need it?

The HSBP Framework is a guidance tool that enables positive long-term engagement between the private sector and complex challenges on the ground posed by short-term crises such as COVID-19 and chronic human security and development needs experienced by fragile societies. The Framework is a socially innovative governance model embedded in communities and designed to foster multi-stakeholder co-operation between business and other stakeholders .

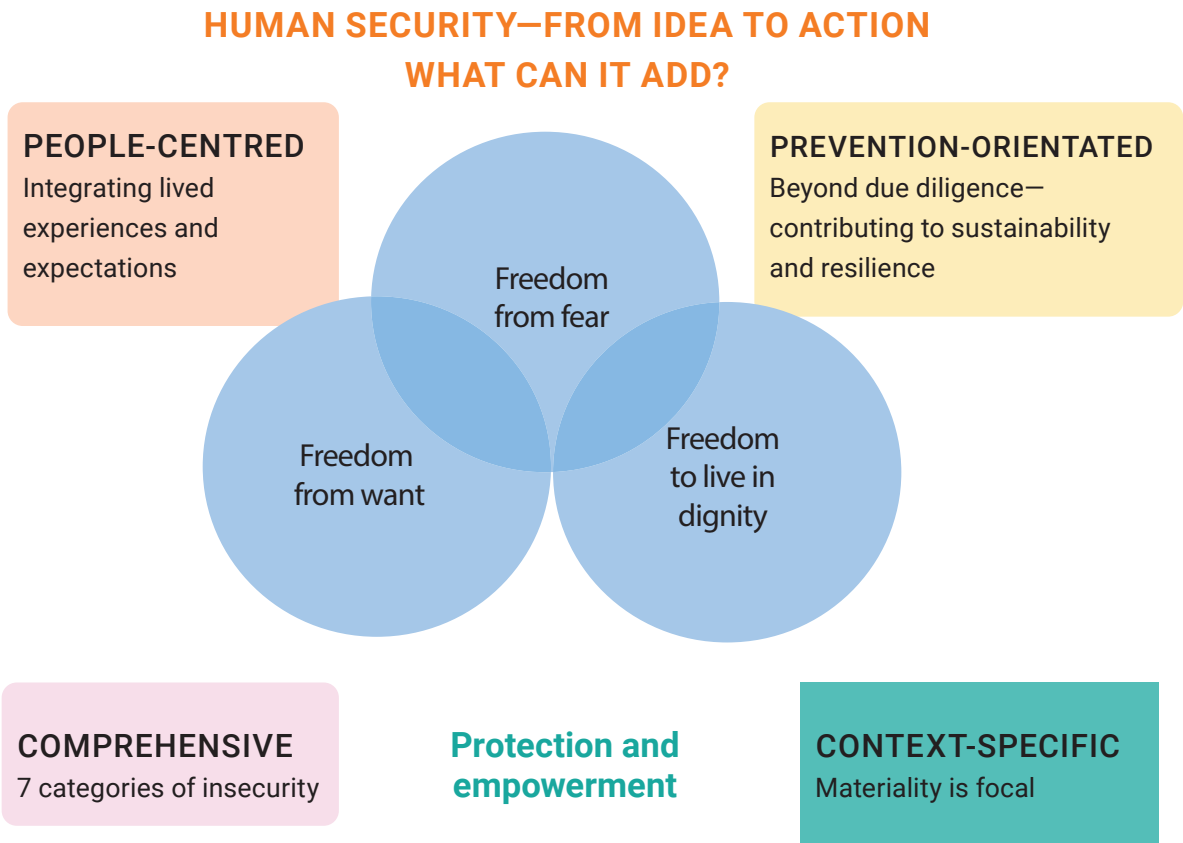
The Framework consists of three pillars: **principles, processes and tools**. Each pillar connects to the others and defines the spirit and ethos of a new type of co-operation between the private sector and other actors locally , while proposing practical actions to help the private sector achieve the ambitions of the SDGs.

The Framework uses the UN definition of human security (General Assembly resolution 66/290). This highlights the importance of people-centred action, the comprehensive nature of risk that individuals face, and the need for integrated solutions that can prevent vulnerability and future crises.



In the Framework, human security provides a common focal point and language that can cut through traditional differences between business and communities. These differences can be exacerbated within rights-based approaches and by arguments over the costs and benefits of development. Human security represents a common goal for diverse stakeholders, as well as a methodology for achieving shared results. Rather than mediating difference and division, the Framework contains the idea of mutuality and co-construction as the basis for collective action. The aim of building a common future for local business operations and the community brings together personal/community aspirations and company objectives, and translates them into joint actions to mitigate common risks and expand opportunities for development. The Framework embodies a vision of shared gains from investment and business activities, as long as these are geared to improving daily life and take into account locally present threats and capacities.

The Framework provides a model for implementing and governing multi-stakeholder collaboration in order to establish positive and durable relationships between key actors, no matter how different they are if they live, work and invest in a community.



The Human Security Business Partnership Framework (HSBPF) is a response to the evolving global context outlined in section 2. It reflects the UN's ambitions for advancing the sustainable development agenda, for enhancing its capacity to meet complex crises such as the COVID-19 pandemic, and to deliver on the humanitarian-development-peacebuilding nexus, which demands holistic and integrated solutions through working more systematically with non-traditional development actors including business

Secondly the Framework offers transnational companies (TNCs), particularly those who are at the forefront of rethinking traditional forms of social engagement and business purpose, a way to align their commercial goals with global agendas such as the SDGs, and other normative frameworks and standards such as business and human rights and responsible investing. As these companies seek to meet growing expectations from governments, media, employee, consumer and investing publics to rethink business-society relations, a form of 'smart' partnering is proposed as a way for companies to share responsibility for tackling complex and deep-seated development challenges through addressing human security. The Framework recognises that while social purpose has increased its salience for business, many companies, particularly smaller business, will continue to put profitability first. The Framework is a way to achieve both social and financial goals through working alongside and for communities. It also helps companies to define the limits and feasible scope of their social responsibilities through a systematic and sustained dialogue and partnering with those affected by corporate actions and local development conditions (Van Dorp and Smits, 2020).

## PRIVATE SECTOR ATTRIBUTES FOR DEVELOPMENT AND SECURITY



For policy-makers and implementers on the one hand, and the private sector on the other, the HSBP Framework addresses two critical needs, which are not well articulated in existing approaches.

The first need is for local-level operational guidance for companies and for other prospective partners in multi-stakeholder initiatives that include business. One area where this context specific guidance is particularly needed is fragile and conflict settings (FCS).<sup>4</sup>

<sup>4</sup> Defined by UN Global Compact as those

- not currently experiencing high levels of armed violence, but where political and social instability prevails
- where there are serious concerns about abuses of human rights and political and civil liberties,
- currently experiencing violent conflict, including civil wars, armed insurrections, inter-state wars and other types of organized violence.
- currently in transition from violent conflict to peace.

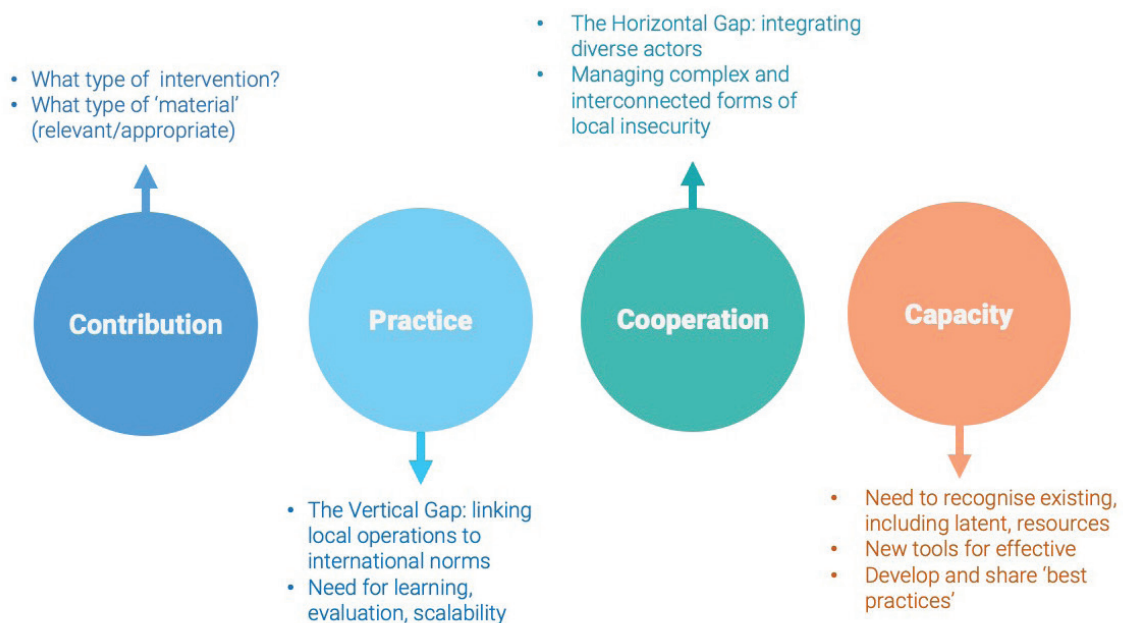
(UN Global Compact, 2010)



The HSBP Framework grounded in the human security approach developed by the Human Security Unit” builds on the work of the UN Working Group of Business and Human Rights, in indicating how companies should avoid committing human rights abuses through due diligence processes. For example it offers a means of realising UN Guiding Principles 17, 18 and 29 which deal with due diligence, consultation and grievance processes (OHCHR, 2011:17;19;31; Shift, 2015). Like the UNGPs, the HSBP Framework proposes that state and business obligations stand in relation to each other. It also premises an expanding concept of corporate responsibility. It goes further than the UNGPs in seeking to expand the scope for positive business impacts in fragile settings, promoting both human rights and human development through proactive and preventative behaviour to protect and empower local communities.

The second need is to tackle a disconnect between multiple levels of policy and corporate action. How can business operations at ground level respect and reflect national policy agendas as well as the ethical standards expressed by global managements? The Framework provides a mechanism for connecting interactions and relations between companies and communities with key policy and corporate objectives to avoid inconsistencies and failures which often occur in translating high-level agendas and strategies to everyday actions.

## ADDRESSING FOUR TYPES OF CHALLENGE AND PRACTICE GAPS



## The added value of the HSBP Framework

- Use of human security to bridge between human rights, sustainable development and peace and stability—combining these in a holistic action framework
- To change the conversation between companies, communities and government through focusing on common goals, mitigating and mutualising risks
- A model for long-term collaboration, partnering, and trust-building which leverages the capacities of different partner/actors and shares responsibilities
- Enabling companies to go beyond Do no Harm and achieve positive transformations to development and security at local level that can reduce non-financial risks
- A way to deliver on the SDGs, address cross-cutting challenges such as gender equality, children's rights, inclusive economies, and assisting indigenous populations
- As a complement to existing programmes, platforms and initiatives, providing structure to ensure sustainability and replicability.
- As a way to measure and evaluate corporate social impacts and community engagement
- As a contribution to sustainability through stimulating a strategic shift in the behaviour of key actors at local level and in their relationships to each other.

# 4 How do Human Security Business Partnerships work?

## Purpose of the HSBP Framework

- **To enable** social innovation through encouraging new forms of association and co-operation between companies, government and civil society at local level
- **To suggest** processes and tools which support more effective and durable multi-stakeholder collaborations
- **To address** local needs on the basis of shared goals and interests
- **To go beyond** CSR and Do No Harm approaches to create positive engagements by the private sector with the future of communities that can deliver sustainable development with security.



**H**SBPs are a way of organizing a continuous and long-term dialogue and agenda for action between business, the community and other key stakeholders. They aim to leverage diverse capacities and find common ground between these groups, to achieve positive and durable development outcomes.

HSBPs use policy priorities and universal norms as reference points, in order to connect local actions and interventions with broader frameworks and to foster replication and scalability from the bottom up. Starting at the local level, they organise systematic engagement between business and other stakeholders in order to fulfil global commitments, and regional and national policy objectives.

HSBPs use the three pillars of the Framework, Principles, Processes and Tools (see diagram p12) to structure local multi-stakeholder collaboration in a way that foregrounds the needs of each partner, provides scope for active and equitable participation and ensures reciprocal and durable commitments to sustainable development with security.

Each partner needs to respect and uphold the following principles which make these partnerships an innovative approach to achieving the SDGs. Each principle implies a certain set of processes so that the Framework defines not only the objectives of collaboration but sets out a concrete and distinctive methodology that each partner can follow.

## **a. Locally-relevant and driven**

The private sector's contribution to challenges that arise from adverse economic, social and environmental impacts on human security, has to be tailored to the local context in order to be appropriate, and command legitimacy. Local communities are best placed to assess and define the nature and severity of threats and risks, including business risks, and how they impact different community members over time and spatially. HSBPs take lived experiences, opinions and perceptions of threats and opportunities as the point of departure in understanding the scope for the business engagement to address community needs. Human security methodology emphasises situational analysis to understand often intangible and invisible vulnerabilities. Attentiveness to local knowledge, culture and tradition is important to ensure that partnership actions reflect local priorities and understandings of ways to address them. For local communities to be able to express and formulate their position, capacity building may be necessary alongside facilitation. Other stakeholders, namely the governments, civil society, the private sector and multilateral institutions may help for example by simplifying the language used with community representatives, by using creative forms of interaction such as arts and culture, and by creating appropriate and safe spaces for conversation. Focusing on local priorities is a step to co-creating relevant knowledge among different partners and using it to set HSBP objectives, encouraging local ownership and mobilisation of capacities, skills and assets. Latent capacities and assets in a society often remain invisible in companies' stakeholder engagement strategies. Recognising those capacities, building on existing community practices and ingenuity enhances communities' stake in the HSBP, commitment and responsibility for its outcomes.

## **b. Inclusive**

The inclusion of those living and working in the community affected by business investment and development decisions is central to the HSBP aspiration to create durable outcomes by making companies and communities equitable partners working towards a common objective and in a mutually beneficial way. Inclusion is also important to minimise the spoiler problem that can arise from leaving out key constituencies that are directly or indirectly affected by business activity. Inclusion is about meaningful participation of different stakeholders that can help bridge gaps in interests and perspectives. Detailed understanding of the local society's dynamic is achieved by ongoing stakeholder mapping which is sensitive to inequalities in access, ability and potential among different types of actors, and responds to the flux and flows on the ground in terms of actors, their interests and incentives. This form of ongoing, systematic and comprehensive mapping adapted to local context and culture is consequential in deciding who to bring into conversations and action, and in what form over the HSBP lifespan. It relies on access to appropriately disaggregated data to provide a more nuanced picture of vulnerability within the community. Stakeholder mapping is conducted through sustained human security dialogue as a form of open conversation in which each participant can express their concerns in the knowledge that they are safe, listened to and are making a valued contribution. This kind of conversation requires that the power asymmetry inherent particularly in business relationships with other stakeholders is addressed and managed. Meaningful engagement, and in particular participation in decision-making, requires skills, experiences and capacities that may be lacking within communities. HSBPs are conceived as a form of associative governance that works to reverse those deficits gradually through measured, structured and planned interactions including the use of innovative engagement tools (local arts and cultural events, mass and digital media), and the deployment of different facilitation techniques based on the principle of reflexivity and mutual learning.

### c. Forward-facing

The ethos of HSBPs is that collaboration between the private sector and other actors has the goal of delivering a better future which works for all those who live and operate in a locality. Partners come together in a spirit of mutual enterprise which aims to identify the human security threats, but also the opportunities at local level which affect each of them, albeit in different ways. For residents of a community, problems over access to land for example may undermine their livelihoods as well as their dignity, while for a company, constant disputes with local people pose the risk of disruption to their operations and derail investment plans. For government authorities the same issue can jeopardise inward investment and territorial development plans as well as cause social unrest. Rather than resolving this collision of different interests and perspectives through bargaining and negotiation, an HSBP would conjoin the parties in a sustained and structured effort to manage risks and exploit the possibilities for positive development, in order to shape the future. The impetus and circumstances for initiating a HSBP will vary: sometimes a partnership will be set up to resolve long-standing problems between a company and the local community, through re-setting the relationship. Sometimes it will be triggered by a new inward investment, or by a public agency seeking to encourage new economic activities as part of a policy programme. Unlike other dialogue platforms and multi-stakeholder initiatives which may already exist at local level, HSBPs focus on future building rather than trying to resolve historic issues. In the case of grievances between community and companies, this does not ignore important issues of HRDD, accountability and redress mechanisms. These should be dealt with separately, even in parallel, with HSBP processes. By committing themselves to be forward-facing, HSBP participants agree that their collaboration is directed at how to transform the future prospects for the community and for business activities in the local area.

### d. Trust and Transparency

Trust is an essential quality of constructive relationships that can be instrumental to overcome challenges of working collaboratively through HSBP to achieve shared goals. Partnerships bring together diverse actors with divergent strategies and operational realities. Trust is premised on understanding these differences, and each partner's needs, interests, perspectives, expectations and competencies as a basis to build equitable and effective relationships. Such knowledge building among the prospective partners is best supported through frequent, regular and structured partner discussion about the partnership goals and modes of working which should take place face-to-face whenever it is appropriate and feasible. Of particular importance is direct and frequent interaction between the company and local community in which the company is embedded, as it can build and strengthen interpersonal and institutional trust. Especially when there is a legacy of difficult mutual relationships between a company and local community that HSBP strives to overcome, more direct personal contact and exchange can be instrumental in changing each other's perceptions and opinions. A structured and continuous partner conversation is required to ensure that the diversity and difference of views, approaches and competencies are recognised and respected, while at the same time efforts are made to find ways to work together by focusing on common ground and common interests. Willingness to listen and openness to different viewpoints, perspectives and approaches to solve a problem, creates an environment in which it is easier to reach an agreement on how to best work together so that each partner works to its individual strength in resolving the HSBP problem. By ensuring that each partner understands its role clearly and can contribute commensurate to its particular strength, there is greater assurance that what is agreed between the partners is implemented with commitment and reliability, and that there is accountability for the outcome. This in turn helps to build confidence and minimise risks individually and for the partnership as a whole. Transparency in mutual interactions, including different partners' viewpoints and how individual partner's inputs contribute to the implementation of mutually agreed commitments, is an important element of building trust-based partnership relationships. Transparency rests on regular and consistent communication and information sharing across multiple ties and multiple levels of dialogue and engagement within HSBP, which is open, accessible, and efficient.



## **e. Sharing**

The distinctive characteristic of HSBPs is they encourage and facilitate interactions between the private sector and communities on the basis of reciprocal benefits for each. The aim of HSBPs is to create win-win situations in which one side does not seek to prevail over another, as in a negotiation or simply to seek a compromise. Partners commit to finding and enlarging common ground, to working to minimise risks through mutualising them and securing gains for the partnership as a whole. In this way business and the community alongside government and civil society partners share responsibility for improving the quality, durability and outcomes of development, by undertaking tasks together such as assessing threats and identifying opportunities to improve conditions in the community. They also pool capacities. Although these may be highly differentiated, the partnership recognises that each partner has something valuable to contribute.

The principle of sharing and creating reciprocity and mutual benefit is operationalised in the process and tools pillars of the Framework with participatory activities such as a common communications strategy, joint selection of goals and projects, an agreed checklist of activities, and joint training. This latter particularly reflects the ethos of sharing. It acknowledges that business, community and government partners need to develop new and specific skills in order to work together effectively.

# 5 Seven Steps to apply the Framework

Preliminary step – Setting up an HSBP

1

Situational Analysis

2

Mapping needs, vulnerabilities, and capacities

3

Identifying collective goals and outcomes

4

Who needs to be involved and how

5

Building protection and empowerment strategies

6

Tools for implementing partnerships

7

Joint monitoring and evaluation

## Preliminary step—Setting up an HSBP:

Situations that motivate a decision to set up an HSBP range from the desire to resolve a conflict between a company and a community over a development issue, a proposed new investment by the private sector in a locality to the implementation of a government or international policy which would benefit from increased engagement by the private sector. [Some of these different contexts for HSBPs are set out in case studies in the following section]. In order to establish an HSBP and bring potential partners to the table, a ‘dynamiser’ is required. This is a person or institution who takes the lead in suggesting and convening the preliminary discussions. The dynamiser can be an interested party such as a community leader, government official or a company or an independent facilitator, such as a UN agency or a local academic. The following three steps should be carried out in separate dialogues and roundtables in which each primary partner has the opportunity to explore the benefits and risks of participating in an HSBP with the other primary partners. The following steps have been implemented and proven in over 200 UNTFHS programmes globally to address complex sustainable peace and development challenges.

1

### Situational analysis:

To begin designing the partnership, it is necessary to develop a comprehensive and shared understanding of the risks faced by different actors, their root causes across the dimensions of human security-economic, food, health, personal, environmental, community and political security—as well as the opportunities from which each can benefit in a particular locality. Since communities comprise different sub-groups, manifestations of insecurity will differ across those sub-groups and a participatory consultation process will help reveal and capture these variations. An analysis of how these risks impact not only communities, but also business, local institutions and government establishes a common understanding of the issues and their interplay. This step is to identify areas of stress but also where stress is concentrated across stakeholders and therefore where to target collaborative efforts. This step is linked to the principle of future-oriented and the process of consultation.

2

### Mapping needs, vulnerabilities, and capacities:

Understanding what makes different types of individuals and groups affected by the issue HSBP aims to address vulnerable, and capturing their lived experience is central to the HSBP effort. More nuanced understanding of the needs and vulnerabilities of these different actors requires access to disaggregated data alongside the application of the dialogic method that can reveal individual perceptions, fears, and attitudes that shape the lived experience of insecurity. The ongoing mapping exercise is important as it can help ensure that those most vulnerable or at risk of being left behind in development progress are included. It also focuses attention on the many existing capacities that should be built upon and which can provide the foundation for local development. Mapping of needs and vulnerabilities is paralleled by the analysis of capacities salient to different actors, which can be mobilized to pursue the tasks set out by HSBP. Those capacities are sometimes not obvious or visible which requires paying attention to power asymmetries among and within different groups, and to local culture and tradition. This is linked to the principle of inclusive and to the process of mapping.

## 3

### Identifying collective goals and outcomes

Prospective partners are likely to have different priorities, distinct goals and interests in joining the partnership and finding a common ground is a precondition to move towards defining collective outcomes of HSBP. Developing a common vision for what HSBP is trying to achieve and how collective effort and pulling of diverse resources can make a difference is a key milestone in HSBP development. This is a process of co-construction pursued in a participatory manner where all partners are involved in developing the shared vision, and which builds on previous steps to identify the problem, actors involved and salient capacities that need to be mobilized. Processes and practices of relationship building that strengthen trust, mutual understanding and obligation among prospective partners are important in arriving at the shared understanding of the HSBP problem and articulating the collective outcome of collaborative action.

## 4

### Who needs to be involved and how

Mapping participants ensures that all key stakeholders with both interests and relevant resources are included in HSBP success. Systematic mapping needs to be conducted to identify individuals, institutions and organisations who are affected by the HSBP problem or are interested in being part of collaborative efforts to address it by contributing their own assets, skills and expertise. Stakeholder mapping entails initial assessment of capacities of different actors which can help to determine the respective roles at the initial stage of the partnership, since not all will engage at the same time nor in the same way. The mapping is an ongoing process and as new information becomes available, will ensure accurate understanding of whom to engage and how, so that the pooling of resources and capacities benefits all actors involved, enhancing protection and empowerment. Since there is a possibility that some stakeholders will not be sufficiently interested in joining HSBP, appropriate mechanisms should be considered to address this problem, such as keeping them informed and maintaining the transparency of the partnership actions.

## 5

### Building protection and empowerment strategies:

Regular and structured dialogue between partners is required to build on the initial understandings of mutual risks and opportunities created in steps 1-3. An independent facilitator who is locally based and is trusted by all partners is indispensable to ensuring that dialogue is initiated, sustained and conducted on terms which respect the HSBP principles, particularly of inclusivity and sharing. The protocols of the partnership should be established at the outset to include how decisions will be taken, how commitments are to be fulfilled, and the timelines for achieving agreed goals. These management arrangements are important in establishing equitable participation, trust between partners and confidence in the partnership process. The need for protection against risks, and the possibilities for partners to gain from the actions undertaken should also be reflected in a clear and transparent communications strategy, so that partnership decisions, and issues affecting partnership schemes are transmitted to both internal and external audiences. The partnership will also require a strategy for both internal communications between partners and external communications to let others know what the partnership is doing. This is important to help transparency, participation and accountability as well as a feeling of solidarity between partners.

## 6

### Tools for implementing partnerships

An appropriate consultation methodology that allows everyone a voice, will encourage participation and inclusivity. Consultation also has to be sensitive to possible adverse consequences for those taking part.

- A baseline assessment of human security allows the partnership to identify the transformative potential of collaboration and set goals and timelines in order to make progress.
- An action checklist will also help define joint actions including both quick impact initiatives and long-term activities.
- Training may be required to foster new skills and to help partners work with each other more effectively. Training can be carried out within a partner group, but also in joint sessions.
- ICT tools may be critical in facilitating efficient, transparent and equitable communications.

## 7

### Joint monitoring and evaluation:

The partnership provides an essential governance mechanism through which a mutual effort between company and community can determine ESG factors and assess corporate impacts. Each principle provides a 'hook' for the impact assessment process, as well as being intended to shape how companies intervene generally in the local environment. In other words—local, inclusivity, future building, trust-building and sharing principles can each be used as 'meta-indicators' to assess corporate social impact within a context of collaborative working. The principles also serve as criteria for how the partnership itself and its objectives are monitored and evaluated. The key guidance here is that impact assessment and monitoring and evaluation are not unilateral processes but should be conducted jointly using common and agreed indicators, criteria and benchmarks. In this way accountability is mutualised and serves to reinforce the commitments and responsibilities of each partner towards collective goals. A grievance process also needs to be established so that when the partnership encounters difficulties, access to remedies and mitigating action is part of the collaborative effort and is transparent, in order not to undermine trust and the co-operation ethos. [For more on a human security approach to social impact measurement and using the HSBP Framework to guide assessments and evaluations, see Annex 1]



# 6

## The HSBP Framework in different contexts



In this section we look at how the HSBP Framework can be applied in the context of situations of fragility, to help achieve the successful engagement of the private sector in improving human security and sustainable development outcomes. The examples below illustrate some of the scenarios which can prompt the implementation of HSBPs.

These include:

- To complement and provide sustainability to UN programmes in the field through collaborations with the private sector
- To improve relations between a company and a community and provide new terms for mutual engagement
- To add value and enhance an existing community engagement strategy and corporate social responsibility programme

The aim of this section is to provide preliminary evidence of how the HSBP Framework can provide added value to policy-makers, the UN system and other development/peacebuilding and humanitarian assistance actors, and how it can enhance companies' efforts to work more effectively with local partners on the ground, to bring benefits to business and local people.

## COLOMBIA

### Scenario:

HSBPs as a mechanism to implement the peace process and national policy priority of bringing development to rural areas affected by the conflict, where human security is threatened by a combination of lack of legal livelihoods, the need to reincorporate marginalised population groups such as victims, former combatants and displaced people into economic activities and good governance.

The government's rural development programme which targets assistance into the most fragile areas (ZOMACs and PDETs), provides the principal policy framework for mobilising contributions to address these challenges, including by the private sector. Business was accorded a particular role in the post-conflict transition (Havana Accords, 2016), relations with communities remain poor or underdeveloped.

### Challenge the Framework addressed:

Private sector engagement is tainted by mistrust and lack of mutual understanding, particularly between large companies and communities. Some were complicit with armed groups during the conflict, others are seen as extracting resources and dividing the population. For its part business is nervous about continuing levels of armed violence and often unsure about how it should best engage with communities and the post-conflict transition (Martin, 2020).

In 2019 UNDP, UNHCR and Peace Startup Foundation, working with government agencies UARIV (for victims) and ART (territorial reconstruction) within the government's rural stabilisation and development plan for the post-conflict transition, launched a UNTFHS-funded programme to apply the HSBP Framework in five municipalities in areas particularly affected by the civil war. The aim was to use HSBPs to foster durable solutions through involving the private sector in addressing human security needs that were specified in each locality using primary and secondary data, to construct a baseline which was then validated by dialogue with local representatives. Government partners and UN agency teams were trained in the Framework, and at the time of writing with the programme ongoing, partnerships are being established with business in five municipalities. The challenges the HSBP Framework had to help address

were the weak institutionalisation of the state in the programme municipalities, fragmentation of the local private sector, and its inability to play a cohesive and decisive role in improving socio-economic conditions and governance, and the absence of trust towards larger national or international companies. This meant that multi-stakeholder partnerships, although actively encouraged through government strategies such as the [Red de Aliados Estrategicos](#), are in practice difficult to operationalise, and do not typically include the private sector.

### Key findings from the case:

The profile of the private sector, and therefore business partners, varied across the 5 programme municipalities. In Nariño, the two localities (El Charco and Tumaco) had low private sector presence and HSBP partners were identified through the local chamber of commerce. In Ituango Antioquia, local development and governance is heavily influenced by the presence of EPM, a large Colombian energy producer with a controversial hydro-electric dam project in the area. Here the Framework could be used to structure business-community dialogues around that corporate presence, with the potential to create long-term shared agendas between the company and community. In other programme municipalities (Bello and Dabeiba in Antioquia), the challenge is to attract inward investment to support economic, social and governance reconstruction including integrating marginalised population groups such as displaced persons, victims and former combatants. In this respect, the Framework is both a governance model to generate business confidence through creating mutual understanding and a culture of co-operation with communities and as a platform to identify opportunities for post-conflict transition beyond what could be achieved by donor funded development programmes and existing dialogue platforms.

Crucially important in the Colombian case was the development of an ICT platform to support HSBPs. This platform served as a communications device to increase access to local information, to provide transparency to partnership decisions for the whole community and provide valuable local data to support new investment and business opportunities. A digitally enabled HSBP combines both technological and social innovation and as such can widen the appeal and functioning of inward investment. With the outbreak of the COVID-19 pandemic in 2020, digital connectivity in rural areas became more

important, as well as local collaboration with business to address increased vulnerabilities. For more on the digital platform supporting HSBPs see Annex 2.

Evidence in the Colombian case is drawn from training sessions, feedback from programme partners and a 2-day workshop in January 2020. These revealed the following perceptions of how the Framework and HSBPs could add value:

- ability to integrate protection and development strategies, and address transversal issues, building on and connecting past programmes in individual areas such as rehousing displaced people, training and entrepreneurship, young people
- a way to manage expectations, counter the unpredictability and instability of relationships between different local actors including business, improve communications
- counter problem of weak and corrupt public institutions, providing another locus of initiatives and decision-making
- as a better way to generate grounded 'chains of solutions', rather than focusing on aid money; matching specific solutions to issues with capabilities, commitments roles, and a timeline for achievement; a way of acting on lessons-learned from past programmes and interventions by the UN system
- as a platform for capacity building and training in business and entrepreneurship

*'It is important to include businesses. This framework will help dialogue with them to understand their logic and make them more humanistic'* —Comment from local delegate to HSBP Forum, Bogota January 2020.

### Questions the Framework needs to address, revealed by the Colombian case:

- Will it work with the variations in private sector presence, providing the same results with small business partners and producer associations as large national and TNCs?
- Are additional criteria and safeguards needed for private sector partners in cases where there are historic abuses by companies?

## BOSNIA

### Scenario:

HSBP as a mechanism to improve difficult relationships between the company and local community over damaging environmental impact and broader socio-economic and governance issues arising from the company's operations which negatively affect human security of the local population in the Zenica region. ArcelorMittalZenica (AMZ) was incorporated in 2004 following the world's leading steelmaker ArcelorMittal's acquisition of a majority stake in the Zenica steelworks from the Bosnia and Herzegovina Federation government. Arcelor undertook significant new investment including in environmentally sustainable technologies and cut jobs and employment terms as part of a corporate restructuring. As one of the biggest foreign investments in the country at the time, and the mainstay of the local economy the way the company has approached its contractual obligations has created tensions, notably between the company and the local community, culminating in it facing legal action.

### Challenges the Framework can address:

A lack of disclosure of the details of the sale of the majority stake opened a space for distrust and suspicion between the company and other stakeholders at the local, regional and federal level. This was compounded by a lack of transparency on the company's part and limited communication on issues such as jobs retention, social package, working conditions and the scale of investment in environmental protection. Non-governmental organisation EcoForum Zenica led efforts to open a dialogue on addressing the impact of the AMZ's operations on the local community by pursuing multitrack lines of engagement with the company, local authorities, and the regional and federal governments. The company's response was sporadic, arbitrary and reactive. There was also notable absence of engagement by corporate headquarters which reinforced suspicion and distrust. The three-way interaction between the company, EcoForum and the government over time turned into an exercise of bargaining, blackmailing and point scoring, as each side engaged in mutual accusations



and other pressure tactics which ultimately led to a deadlock in communication. With the intervention of an outside peacebuilding organisation, the HSBP Framework was proposed as a way to break the impasse and reset relationships between key actors, to rebuild trust between the company, community and government, to mitigate the harms of the Zenica operation, particularly in environmental terms, and to better realise the potential of the ArcelorMittal investment. Instead it was decided to first pursue a formal mediation process involving EcoForum and the company.

## Key insights from the case:

The case of company-community relationships captured in the example of AMZenica is one of sharp inequalities of power where the offer of production and employment in a precarious post-war economy serves to compensate for the lack of contribution in other areas where the company's footprint has negative impact on the population wellbeing and welfare, notably air, water and soil pollution and reliable heating system for the local community. These inequalities of power are magnified by the lack of appropriate engagement on the government side which suffers from the problems of weak governance in enforcing environmental regulation and a lack of will to engage in resolving complex problems of unemployment and social welfare. The resort to formal mediation process owes much to proactive engagement of the local NGO which saw mediation as the only way out of the impasse in engagement with the AMZ. However, the externally-led mediation process was restricted to several key stakeholders, namely the company, NGO, the local university and some local and Federal government representatives. Not all relevant government institutions were involved nor was the AM corporate level. Meetings and other modes of working led by the facilitators were conducted in accordance with strict confidentiality rules perceived as the main mechanism to facilitate trust-building among the participating parties. Against the experience of the mediation process, the Framework provides for greater inclusiveness to ensure that the voices of all relevant actors are represented appropriately in the conversations about the range of issues that concern local economy, environment, public services and governance. While NGO EcoForum enjoys strong support in the local community, open and continuous conversation with a

broad cross-section of the local population is important, as is transparency about who is talking to whom and about what, to lay the foundations for confidence building. A HSBP relies on active participation of different levels of corporate action, and it can help address the problem of absent headquarters engagement which has contributed to mistrust between AMZ, local community and the government, and which is indispensable to ensure a profound shift in how the company engages with other actors in Zenica and beyond. Unlike a formal mediation that follows prescribed rules of conduct for all actors involved, the Framework creates an open environment of frequent continuous interaction including informal modalities as a way to improve mutual understanding, overcome cultural barriers between the AMZ Indian cohort and its local workforce, and promote behavioural change. While the main controversy in the company-community relationship in this case concerns environmental pollution, the Framework is also conducive to extending the scope for constructive dialogue to other issues where there is an overlap between AMZ and Zenica community interests.

Based on the AMZ case, Framework application could contribute to:

- proactive management of environmental protection issues and other mutual concerns of AMZ and other stakeholders in the Zenica region
- strengthen environmental governance in Bosnia and Herzegovina by opening a different channel for the government to engage with other actors which increases pressure on the government for more responsible conduct and greater accountability
- help manage expectations of different stakeholders and reduce vulnerability of the local community due to high dependence on the company
- complement formal mediation efforts in those situations where this mechanism may be indispensable.

# LIBERIA

## Scenario:

HSBPs as a model of governance for natural resource management in Liberia. Although Liberia has undergone a relatively successful post-war economic recovery it remains dependent on transnational resource companies. While concession companies are sources of employment and social provision, concession sites have often been the location for social and political unrest. At a time when the relationship between the private sector, communities and policy interventions (by government and the UN system) remains tense and problematic, the HSBP Framework is proposed as a way of breaking the impasse surrounding constructive multi-stakeholder contributions to post-conflict reconstruction.

## Challenges:

TNCs are seen as drivers of conflict through actions relating to access to land, employment, and pollution. TNC operations have also been linked to gender-based violence and abuses by private security companies employed by the TNCs.

The main interaction is between TNCs and the government, bypassing local communities who feel their voices are marginalised. The government elected in 2017 has committed to review concession arrangements and this has created new confrontations with TNCs threatening to end operations in Liberia. The government's promise of a pro-poor economic development strategy has also increased communities' expectations that historical grievances, particularly around access to land, would be addressed. Increasing interest of Chinese companies in sectors such as forestry and rubberwood also influences government policy with concomitant effects on the relations between business and people.

## Comparison with existing initiatives:

Local civil society has engaged with communities, companies and government to address the contentious issues. UN agencies have sought to address individual aspects of the socio-economic challenge. The multiplicity of individual programmes can make it harder to achieve transformation through creating layers of different intervention.

The UNTFHS programme *Development and Promotion of the HSBP Framework towards achievement of the SDGs* presented the Framework in project-affected communities and to TNCs to focus on how to provide integrated solutions to post-conflict rebuilding that co-ordinate the diverse interests and capabilities of many different actors.

The Framework offers a new perspective that could particularly benefit communities adjacent to concessions. These communities, affected by TNC operations, but outside the purview of their social programmes require a mechanism to be able to engage constructively with local development issues.

Challenges the Framework can address through principles, process and tools:

- Inclusion: the Framework seeks to identify and bring together key stakeholders, and improve interaction among them to break the bilateral dynamic which has reduced relations between the population and the private sector to zero sum negotiations, which corrode trust and fuel confrontation. The Framework is a positive means to create shared agendas and deal with unintended and unforeseen consequences of economic development that is so closely dependent on a few large global businesses.
- Trust-building: the Framework could help stakeholders reach shared understandings of the multiple, complex problems related to an economy and society so heavily dominated by TNC operations. HSBPs are a mechanism for sustained dialogue between constituencies who are currently atomised and face each other with suspicion.
- Forward-facing: the empowerment of women, the inclusion of disaffected young people, who are often a source of social unrest and attention to cross cutting issues such as access to land are ways in which the HSBP model is seen as a useful way of re-imagining the long-term role of the private sector in the country.
- Processes that link national negotiations to the local level and connecting local, national and global dialogue.



## MEXICO

### Scenario:

The HSBP Framework as adding value to a corporate-community development project in Mexico, and the company's fulfilment of the SDGs.

- Recognising that business cannot flourish in contexts of poverty, inequality or insecurity CEMEX, a global building materials company, decided to use its expertise, resources and strengths to leverage its social impact in emerging markets. It aims to promote systemic change and generate opportunities for creating shared value. In a semi-urban area of northern Mexico, it is piloting a model of Integrated Transformation for Sustainable and Resilient Communities with community participation and using multi stakeholder alliances to promote individual wellbeing. The key aims are to influence policy-making that stimulates impact investments in marginalised areas, build multi-stakeholder partnerships, empower communities through improvement of individual and collective capacities to undertake development plans, and foster culture of common good and transformative leadership in the community.
- Sustainability is a fundamental part of the company's business strategy. CEMEX has five SDG priorities (SDG 8, 9, 11, 13, 15) which represent its commitment to the UN Agenda 2030. Its model of Integrated Transformation for Sustainable and Resilient Communities achieves the SDGs

through SDG 1 (poverty), SDG 9 (innovation and infrastructure development) SDG 11 (sustainable cities and communities) and SDG 17 (partnerships) with a human rights and gender perspective.

- The Campana-Altamira Initiative is a joint effort between the company, the state government, the municipality of Monterrey, and the Technological University of Monterrey, underpinned by seven core pillars: security and social peace, social inclusion, urban inclusion, housing, economic inclusion, education and health.

### Challenges:

- Campana-Altamira is a 'polygon' that consists of vibrant but marginalised communities facing poverty, insecurity and risk. Half of the 20,000 inhabitants live below the national wellbeing level; 20.1% of under 15s do not have basic education and 36.6% of young people neither study nor work.
- The project has encountered several social, political and economic challenges. Difficulties to implement risk mitigation actions or address issues regarding basic housing services due to insecure land tenure are being addressed through working groups targeting land tenure regularization. Future political instability that could jeopardize sustainability is being addressed through translating the model into public policy; securing its continuity despite political change. Disruptions imposed by the coronavirus pandemic, the digital gap and lack of internet access are being solved through a Digital Inclusion Plan focused on fostering social media use and





training and youth integration to local development. In addition systematising the model and creating lessons learned through documenting the project and creating an organisational culture, have required a process of indicators, integrated planning, reports and a governance manual, as well as adapting to conditions on the ground, for example in terms of the time and timings needed for field visits and collective working.

As it moves forward, the goals of the project include:

- Developing a contingency plan in the face of COVID-19
- Establishing a community infrastructure network
- improving access to water
- management of urban waste.

Important steps the project wants to take beyond 2020 are to improve shared documentation, improve the governance of the project, assess social impacts, create measurement indicators and align the initiative with municipal public policy.

## Key elements of the HSBP Framework that CEMEX's model has proved are effective:

- Multi-stakeholder participation and consultation through committees and working groups to assess each partner's perspective on local development and to identify, define and implement an action plan with core objectives based on shared goals of all partners.

- Mapping of territories with major needs to select the target area or the area to build partnership .
- Mapping of participants to identify key stakeholders, positive local environments and opportunities to encourage and foster partnerships.
- Use of tools like information and communication through technology innovation and training to build capacities. The community committee of "Mision Real" was created comprising members of the community of "#Campana-Altamira". The members of the Committee received training on human development to enhance human and social skills, assertive communication, community leadership and conflict management. This committee served as a tool to discuss and propose through a bottom-up approach development projects for community transformation such as the construction of a park that enhanced their public space.
- Documentation through photographs, infographics and record of attendance that are shared with the community, but there are still opportunities for systematization and enhancement of access to relevant information and follow-up.
- Measurement with indicators to assess effectiveness of the model.

Moreover, CEMEX's model complements the HSBP Framework in the governance schemes that are being implemented for communication, dialogue, and monitoring implementation purposes. For example, the model included the creation of the Interinstitutional Board of Campana Altamira with representatives of key stakeholders that holds regular meetings to discuss issues and monitor the progress of the model's plan of action.



## **The challenges that the HSBP Framework can address:**

CEMEX and the UN Business and Human Security Initiative are currently exploring ways in which the HSBP Framework could add to what the company and its partners are doing in Campan-Altamira. An added value of the Framework is to not only deliver more benefits and impact to the people in the area, but also to help CEMEX replicate its model in other settings, as part of its commitment to the SDGs. The company believes that the HSBP Framework could contribute to its Campana-Altamira initiative in the following ways:

- a focus on security and the concept of human security would enhance the CEMEX model .
- the HSBP Framework could help to systematise practices established in the Campana-Altamira project and provide an associative governance framework for the actions initiated.
- the Framework's proposed tool of participatory social impact measurement could also help CEMEX enhance indicators and evaluation metrics that meet the needs of the various partners in the company management, the municipality and the community
- the Framework could stimulate partnerships to enable the company to replicate its model in other contexts where the company operates.

# 7 Conclusions and recommendations

In developing the HSBP Framework with inputs from business, investors, UN agencies, civil society and government interlocutors, it emerged that the concept of human security has the capacity to dynamise and improve business contributions to the sustainable development agenda and peacebuilding in fragile settings. Encompassing both an end goal and a methodology for action, human security partnering by the private sector can open up positive conversations and spaces for business to work constructively with other stakeholders at local level to achieve the SDGs and address complex development challenges. The HSBP Framework contributes to sustainability and long-term transformations of development outcomes, through stimulating a strategic shift in the behaviour of key actors at local level and in their relationships to each other.

The HSBP Framework creates incentives for behavioural change through allowing win-win possibilities for the private sector and communities. It is a mechanism for building trust and mutual commitments. In place of negotiation over rights or benefits, collective action is re-imagined to improving the future for business as well as individuals and their families, when all are faced with a locally specific set of risks and opportunities. This perspective allows companies to go beyond Do No Harm and a compliance attitude towards standards on human rights and transparency to design more progressive engagements with local society. The value of the Framework is also in aiming for durable forms of collaboration above ad-hoc alliances. It is also intended to work alongside existing business strategies and institutional development programmes, inserting a modality to organise multi-stakeholder efforts in a way that foregrounds mutual benefit, respect for the local

context and an inclusive participatory process.

The Framework offers practical assistance to companies in the design and impact assessments of SDG strategies. HSBPs are a mechanism by which companies and investors can decide which interventions are material and meaningful, through reference to local dialogue and partnership processes that ground actions in objectives which are salient, and garner support from local actors. Similarly the Framework is an instrument for a participatory process of assessing impacts and evaluating community engagement by the private sector, where both the partnership itself and its objectives are proxy indicators of positive corporate contributions and ESG goals.

Further applications are needed to establish the HSBP Framework's ultimate utility and how it can be integrated with other public-private partnership models and community dialogue platforms. There are several potential scenarios where it offers a practical and innovative addition to what companies and public policy initiatives are already doing. Individual examples can be scaled up and good practices replicated through using the Framework as a guide to universal principles and processes, that should be overlaid with specifics, according to each local context. This general guidance and the combination of human security and positive multi-stakeholder partnering can be drawn upon to complement existing guidance for example in UN agency handbooks and programme evaluations.

Ultimately the aim of the Framework is to strengthen changes in behaviour and practice among all stakeholders, including business, and make collective action and the empowerment of communities a reality in achieving sustainable and peaceful development.

## Policy and Practice Recommendations

1. There is a need to promote the business and human security perspective in multilateral debates on the SDGs and peacebuilding, using the Framework model to position it as a complement to the business and human rights discourse and the work of UN Global Compact.
2. The UN system and member states should actively consider the governance implications and potential governance deficits from engaging the private sector as a development actor in the next decade of Agenda 2030.
3. UN agencies should actively implement multi-stakeholder partnerships involving business, at the local level. Using their convening power agencies can encourage and facilitate partnerships as a way of ensuring local views, needs and aspirations are integrated into development initiatives and investment decisions, and the implementation of wider national regional and global agendas.
4. There should be more inter-agency coordination in promoting private sector engagement in development and security issues as a policy objective within the UN system and translating it into operations on the ground. The HSBP Framework can anchor this improved co-ordination.
5. The private sector should be supported to join and initiate HSBPs as a key mechanism for fulfilling commitments to achieve the SDGs.
6. HSBPs require independent facilitators who can help moderate and ensure legitimacy. The UN should help develop the role of 'pracademics' (locally based academic practitioners) to fulfil this role.
7. The innovative application of digital ICT tools to enhance inclusivity and to provide accountability within the partnership model should be encouraged and supported by both the UN system and business leaders.
8. The UN and the private sector should address as a priority how to improve the measurement and evaluation of the social impacts of business engagements particularly in fragile and conflict-affected environments. A new approach using the HSBP model to create participatory evaluations with beneficiary populations should be debated and supported.

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# Acronyms

<b>AAA</b>	Addis Ababa Action Agenda
<b>AMZ</b>	Arcelor Mittal Zenica
<b>ART</b>	Territorial Renewal Agency
<b>B4P</b>	Business for Peace
<b>CEO</b>	Chief Executive Officer
<b>CSR</b>	Corporate Social Responsibility
<b>DDR</b>	Disarmament, Demobilization, and Reintegration
<b>EPM</b>	Empresa de Servicios Públicos de Medellín y Colombia
<b>ESG</b>	Environmental, Social and Governance
<b>FCS</b>	Fragile and Conflict-affected Settings
<b>GISD</b>	The Global Investors for Sustainable Development Alliance
<b>HRDD</b>	Human Rights Due Diligence
<b>HSBP</b>	Human Security Business Partnership
<b>ICT</b>	Information and Communications Technology
<b>ILO</b>	International Labour Organization
<b>NGO</b>	Non-governmental Organisation
<b>ODA</b>	Official Development Assistance
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>PCSD</b>	Policy Coherence for Sustainable Development
<b>PDET</b>	(in Spanish) Territorially Focused Development Programmes
<b>PRI</b>	Principles for Responsible Investment
<b>SDGs</b>	Sustainable Development Goals
<b>TNC</b>	Transnational Corporation
<b>UARIV</b>	Unidad Para La Atención Y Reparación Integral A Las Víctimas
<b>UN</b>	United Nations
<b>UNDP</b>	United Nations Development Programme
<b>UNGPS</b>	United Nations Guiding Principles on Business and Human Rights
<b>UNHCR</b>	United Nations High Commissioner for Refugees
<b>UNIDO</b>	United Nations Industrial Development Organization
<b>UNSG</b>	United Nations Secretary General
<b>UNTFHS</b>	United Nations Trust Fund for Human Security
<b>VPS</b>	Voluntary Principles on Security and Human Rights

# Annex 1

## New Approaches to Assessing the Social Impact of Business in Fragile and Conflict-affected Settings

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## 1. Introduction

Businesses face growing public expectations to contribute positively to Environmental, Social and Governance (ESG) outcomes. Frameworks such as the Sustainable Development Goals (SDGs) help mobilise business contributions, and it is becoming increasingly mainstream to report on ESG performance through internationally accepted standards such as those by the Global Reporting Initiative (GRI). However, there is a lack of knowledge on how to measure the actual impacts of ESG contributions of businesses. The same gap applies to their SDG contributions. Disconnects between the SDGs and 'materiality' – thus those sustainability issues that financially matter to the company and its stakeholders – in relation to the goals, seem to stand in the way of proper sustainable impact measurements. Many companies do not even attempt to measure impact and instead focus on working towards a standard that aims to minimize negative impacts which subsequently fails to demonstrate its true impact on a society or community, be it a 'net' measure for offsetting negative impact or a balance between positive and negative impacts.

This paper suggests that in Fragile and Conflict-affected Settings (FCS) many locally material ESG issues are not being captured. In more high risk areas, a corporate sustainability strategy and a materiality analysis will require an outside-in and bottom-up approach that can bring to light the relevant ESG issues applicable to the local communities where the company is operating so these can be fed back from the country level office to inform a global standard that is measured at headquarters level.

We propose a new approach for measuring social impact in FCS where traditional methods of monitoring and evaluation of ESG issues at country level are particularly inadequate. Essential factors in fragile societies are often overlooked and tension exists between impact, standards and risk measurements. Observing a standard that attempts to minimize human rights risks and harm to communities cannot be considered a positive impact. Many companies acknowledge that the standards are incomplete, costly and time-consuming in its execution due to its complexity and difficulty to measure.

Using the co-construction of knowledge model, this paper aims to develop proposals that address current practice barriers and identify opportunities for new impact assessment guidance on responsible business conduct which will better align policy and practice to desired social outcomes especially in relation to the SDGs.

In this paper, we use two different concepts – Human Security (HS) and Positive Peace (PP) – that are believed to be valuable, offering a methodology for companies operating or investing in FCS to assess their impact in connection to human rights, security and sustainable development. The paper examines the added value of these approaches by comparing them to current ways of measuring ESG impact while assessing their compatibility with each other. It is believed that such an exercise will also address the question as to why many companies and investors avoid conducting business in relation to FCS, hence potentially identify reasons for market failure. In other words, where current assessment tools that focus on Key Performance Indicators (KPI's) fall short in accounting for the types of risks companies and local population face in these environments, PP and HS approaches could potentially help with preparatory risk assessment for operating or investing in FCS and identify what issues to tackle in terms of their materiality to the business.

## 2. Understanding and Dealing with Conflict and Fragility

Over the years, the 'business case for respecting human rights' has become stronger driven by the UN Guiding Principles (UNGPs) on Business and Human Rights (2011) and illustrated by the growing litigation risk against corporations. Increasingly, companies need to demonstrate to their stakeholders (i.e. shareholders, financial institutions, customers and employees) that their presence has no negative impact on the development of the local communities where or with whom they work. Many international banks today as part of their risk management process have started to carry out their own conflict impact assessment and demand that the companies they invest in conduct human rights due diligence and engage with local communities in their operational sites. In addition to a supply chain responsibility, companies are increasingly expected to take responsibility for their user chain to ensure that revenue, products and assets are not used to fuel conflict or human rights abuses (e.g. conflict-free minerals certification schemes). That said, enhanced human rights due diligence that focuses on both supply and user chains is still in its infancy while social impact assessments are yet to find a solid foothold within company decision-making. Where more rigorous processes for impact assessment do already exist and allow companies to benchmark and compare each other, they do not yet include concepts of fragility or conflict.

Although companies generally have no interest in contributing to conflict, the 'business case for peace' is not as straightforward for private sector actors. First, there remains a deep reluctance amongst the private sector to involve itself in what is perceived as largely 'political' matters that belong in the domain of governments. Secondly, while recognizing that traditional governmental roles often do not meet the needs of its population in FCS and subsequently create insecurities for the local population, it is not clear to companies where their (corporate social) responsibility starts and where it ends.



Regardless, private sector actors including multinational and domestic companies of all sizes and sectors have already become part of building and sustaining peace efforts in many places in the world. They range from rebuilding economies devastated by war to supporting processes of combatant demobilization and promoting human rights. Economic recovery and private sector development initiatives as a condition for building stability after conflict have proven their potential since the Second World War. It is noted that the discourse on companies' roles in FCS has changed over the last decade or so. This includes an increased consensus that companies must avoid negative social – in particular human rights – and environmental impacts in FCS as a matter of both risk management and responsible corporate citizenship.

Many companies today still assume that their experiences when operating in a context of fragility and conflict are entirely due to external factors such as the absence of an effective government or high rates of unemployment among youth. The misunderstanding by companies about their own role in relation to conflict often leads them to see conflict as a phenomenon over which they have no control, and therefore they find no reason to get involved in its resolution. The challenge for private sector actors – one that is often overlooked by companies themselves – in contexts of conflict and fragility, is that they are or become inherently part of the local political economy in FCS. This phenomena casts doubts over the current use of 'do no harm' approaches by companies.

It has been long argued that until and unless the long-term return on a 'peace impact' by companies – in terms of responsible business practices that positively impact one or more key drivers of peace and stability as opposed to interventions that aim to mitigate potential adverse effects – is supported by solid cost-benefit analyses, most companies will likely not re-think their core business strategies to give peace promoting efforts a greater prominence in their risk management or sustainability strategies. Yet, most companies do realize that demands to change their behaviour in FCS are persistent which raises the question of which path companies should take to meet those demands.

The value-added of Human Security in connection to risk management is in highlighting the comprehensive nature of threats to everyday life, and how different forms of risk and vulnerability, including business risk, are interconnected and how their reduction promotes peace (Box 1).

#### **BOX 1: Promoting peace by decreasing the risks faced by local people and companies**

It has been noted that peacebuilding has its limitations and has a mixed – not to say a poor - record among many companies. In practice, it is only a handful of companies that are actively engaging in peacebuilding or peace-making activities, while most companies operating in FCS are either not interested, or they are – sometimes inadvertently – involved in human rights violations that contribute to violent conflict.

This means that it can be extremely challenging and in most cases undesirable for companies to get involved in efforts that aim to reduce conflict or build peace but which depend heavily on externally led top-down approaches that often bypass local community needs and experiences. A focus on more business oriented assets based on ESG community level criteria that can potentially create and sustain peace in local communities would seem to fit the private sector operating in FCS better.

This represents a powerful shift in mind-set toward the conceiving of peace in an active and "positive" way—from looking at the issues through a conflict lens and at the factors that drive violent conflict to those conditions or factors that enable and sustain peace, also called Positive Peace. When peace is portrayed as a continuum that requires progress in all aspects of sustainable development, the role of the private sector in respecting or promoting peace suddenly becomes clearer.

A shift from a conflict focus to seeing peacebuilding as a central task in achieving Human Security, thus looking how to reduce the risks faced by individuals and groups, will offer a new way for private sector actors to make a risk informed social impact contribution without the contentious peace label attached to it.

### 3. Current State and Future Outlook for ESG Impact Measuring and the SDGs

#### ESG as an integral part of the business strategy

Corporate Social Responsibility (CSR) alone is no longer sufficient in a new era of purpose-led business. It is a form of self-regulation that represents a company's – largely unilateral – efforts to have a positive impact on its employees, consumers, the environment and wider community. ESG criteria, on the other hand, measures these activities to arrive at a more precise assessment of a company's actions and it looks in a holistic way at how businesses respond to a range of sustainability issues such as climate change, workers' rights, gender, land rights and supply chain responsibility. Today's responsible businesses operations use ESG criteria not as an 'add on' to the core business activities but they are embedded at the very heart of a company and integrated in the business strategy.

Unlike CSR, ESG demands metrics. Evidence of ESG activity is now seen as vital to understanding corporate purpose, strategy and management quality of companies and is key to investment decisions. Big asset management firms and government pension funds want business leaders to focus on ESG impact. This is illustrated by the fact that since the UN-backed Principles for Responsible Investment (PRI) were launched in 2006, assets under management (AUM) that signed a commitment to incorporate ESG issues into their investment decisions have grown exponentially from \$6.5 trillion in 2006 to \$81.7 trillion in 2018.<sup>1</sup> Having a positive impact on ESG factors is not just a bonus anymore, but something shareholders demand, because they believe it is going to drive growth, market share and profitability.

Many ESG studies seem to conclude that the efforts by companies to 'do more good' not only lowers risks but get financially rewarded as well. While specific ESG-financial performance studies for FCS have yet to be conducted, the common thread in most studies so far indicates that a focus on ESG in FCS could be financially beneficial. This also suggests that for investors there is substantial value to be gained from analysing non-financial data and incorporating this into decision-making, and there are signs that engagement by investors with companies on ESG issues creates shareholder value. It has been widely reported that the traditional value of a company in terms of tangible assets has changed over time with more emphasis on reputation<sup>2</sup> which is closely tied to corporate social responsibility.<sup>3</sup>

#### Assessing ESG risks

For any company keen to attract capital, ESG performance will need to become a focus in the future. Yet, there exists no common set of indicators and framework to measure ESG performance today. For investors, the social element of ESG issues can be the most difficult to assess. While environmental and governance issues are more easily defined, have an established track record of market data, and are often accompanied by robust regulation, it is generally observed that social issues are less tangible with less mature data available to show how they can impact a company's performance. But issues such as human rights, labour standards, access to land or water and gender equality – and the risks and opportunities they present to investors are starting to gain prominence, as shown in a practical guidance released by the UN Principles for Responsible Investment, highlighting the business case for integrating social issues into investment decisions.<sup>4</sup>

Nonetheless, when tracking and reporting on ESG, sustainability managers tend to focus on the "E" and not the "S" in ESG, with environmental programs aiming for results that can be tracked using familiar metrics such as carbon equivalents, energy intensities, or gallons of water consumed for instance. At times companies engage external stakeholders to set standards, for example, through a dialogue process, followed by independent certification and audits to check performance against those standards.

The "S" of Social in ESG seems more nebulous still in terms of standards and measurements. It may involve company actions such as setting up local development programmes linked to education or women's empowerment that relate to the industry of the company and are frequently managed by local charity organizations. In many of these cases, KPI's on social criteria tend to focus on the number of programmes established as well as the number of people reached rather than understanding what they actually achieve. Such social activities seem to be an 'add on' outside the business strategy, making it hard to fit into a generalised impact framework or a set of KPI's that can be applied to any social impact project anywhere in the supply chain and at any business location.

<sup>1</sup> United Nations Principles for Responsible Investment, "2018 private equity snapshot: summary", 2018, <https://www.unpri.org/private-equity/2018-private-equity-snapshot-summary/3999.article> <Accessed on 21 February 2020>

<sup>2</sup> See Ethical Leadership, March 24, 2017, <http://www.ethical-leadership.co.uk/law-suits/> <Accessed on 29 May 2020>. The article highlights that a significant part of what makes a company valuable depends on its reputation. The same article reports that in the past thirty years the percentage of companies' value emanating from tangible assets has declined from 90% to 25%, while intangible assets like reputation account for 40-60% of corporations' market capitalization.

<sup>3</sup> See <https://www2.deloitte.com/content/dam/Deloitte/global/Documents/About-Deloitte/gx-millennial-survey-2016-exec-summary.pdf> <Accessed on 29 May 2020>. According to this survey almost 9 in 10 millennials (86%) believe that financial performance should not be the only measure of business success. The same survey showed that 56% of the millennials surveyed have ruled out working for a particular organisation because of its values or standard of conduct.

<sup>4</sup> See <https://www.unpri.org/download?ac=6529> <Accessed on 29 May 2020>

## Connecting E, S & G

Companies that have been present in FCS for a long time (e.g. extractives or infrastructure businesses) seem in a better position to track their overall ESG impact in particular if they have built a relationship with local communities. They do rely on data from internal business indices such as on human rights or environmental risks which allows them to map these against operational or supply chain data gathered to identify positive or negative impacts. Here, a disconnect reveals itself between local impact metrics and a common KPI that is tracked at the national and global level of the company. In such cases, stakeholder consultations are needed to identify the salient social issues as part of the company's risk assessment process. However, without the use of a holistic approach that leverages the connections between E, S & G aspects, such consultations can easily miss key risks that pass a threshold to become a real threat to people's security locally. For instance, where climate issues are being addressed by the company, displacement issues could be missed if they are not accounted for, thereby increasing people's insecurities around livelihood and personal security.<sup>5</sup>

While KPI's in the form of quantitative metrics like energy consumption can be easily captured, there is an expanding scope of what social aspects are material and therefore more ways are needed to track and manage all aspects of ESG. Policies to address corruption, bribery, human rights violations sometimes exist but presenting the evidences that these policies were enacted on the ground has been more challenging. There is a particular need to track material issues at the local level including those that are more 'hidden' (e.g. deep rooted inequalities, infectious diseases, political repression or group based tensions) which do not present themselves in top-down frameworks used by companies. Key overlapping interests between community and the business will be missed when local materiality analysis either does not take place or does not reach headquarters.

### Tensions between risks, standards and impact

Risk to human rights is often the starting point when reporting on the social element in ESG although the criteria include a much broader and longer term view of social impact. The UNGPs, for example, aim at minimizing the negative impact of business activity on human rights. Using the UNGPs means working **towards a standard** that minimizes those negative effects, but its application has no bearing on sustainability. The purpose of ESG criteria is to enhance positives by **setting standards** to evaluate companies on how far advanced they are with sustainability and measure these over the long run.

This reveals the tension that often exists between risk, standards and impact. Enhanced human rights due diligence processes to reduce risks apply a narrow view on what is material for the company. They place company risk at the centre of the process and do not offer any specific metrics for long term social impact on communities, either positive or negative. Companies that apply such enhanced due diligence as part of their ESG impact measurement can be left with a false sense of security because the process cannot provide any guarantees for a social licence to operate in FCS and it also remains unclear if people's level of security has actually improved based on any of the risk reducing measures taken.

### Challenges around ESG data collection and analysis

It is important to note that there are different levels of analysis of ESG data, which matter in terms of data collectability and relevance, and also in terms of the ambition of linking local assessments and measurement exercises to a meta level that corporate management need and which can be translated into positive rankings by the investment community. The challenge is thus to balance between standardised metrics and locally specific and locally relevant assessments in FCSs which is often hindered by a lack of availability and reliability of data and value-laden assumptions that the data brings, as well as the rapidly changing contexts of FCS.

Where structured data is lacking – in particular at sub-national and local level -, companies will require developing more collaborative solutions to measuring their social impact. This may consist of consultations and data collection through multi-stakeholder partnership frameworks – like through the proposed Human Security Business Partnership (HSBP) described further down in the paper – with external teams and local partner organisations that have on the ground presence and local knowledge and access to collect and track data. This type of collaboration with experts and civil society organizations also allows for a validation of the social impact by companies.

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<sup>5</sup> Source: Roundtable discussion in The Hague in February 2020. There is a trend towards a more holistic approach by a few multinational companies applying a landscape approach aiming to combine and balance between competing imperatives: for instance in the case of land use, the relative importance of food and livelihoods, finance, rights, restoration and progress towards climate and development goals.

## Measuring what's material

More guidance on issues that are material to companies are offered by standards organizations such as the Global Reporting Initiative (GRI)<sup>6</sup>, the Sustainability Accounting Standards Board (SASB) and the International Integrated Reporting Council. They suggest that thresholds for defining material topics ought to be set to identify those opportunities and risks which are most important to the company and its stakeholders including local populations and society as a whole. However, ESG rating agencies such as MSCI and Sustainalytics that monitor and evaluate the material ESG impacts use different definitions of ESG performance and as a result may give different ratings to the same company.

FCS related risks and material impact carry particular definitions and meaning. ESG rating agencies note that company reporting on the UNGPs, for instance, demonstrate a clear lack in stakeholder consultations and also point to a lack of country risk data as part of most risk assessment policies. In general, there is a need for more on the ground data on the socio-economic dynamics in relation to conflict and security in FCS and the presence of any vulnerable groups to consider material impacts and define thresholds.

## ESG and SDG contributions

ESG efforts have focused mainly on establishing policies and processes, as well as providing basic reporting, whether qualitatively or through a selection of ESG-related KPIs. Typically, there has been less focus on the impact of the broader environment or society as a whole. Under pressure from investors to create more company value, demands for tracking and reporting on the company's contributions to the SDGs are growing. This implies that companies need to go beyond 'do no harm' approaches and may need to bring human rights, security and sustainable development under one umbrella.

The complication is that the SDGs were never designed to be part of an operating business model, but rather as a set of environmental and social goals defined for and by governments. Nevertheless, the SDGs have led to work that has translated the goals into business indicators with the aim to integrate the SDGs into their business and investment strategy and in core business reporting processes to avoid duplicated efforts. For the most part, this integration has involved the realigning of existing sustainability strategies and mapping of the material ESG topics to the SDGs rather than aiming for a new set of criteria and metrics that follow the SDG framework.

From a knowledge base, the properties of the SDG system are certainly not adequately understood and there has been limited guidance on how to fill the gap. There is a particular disconnect between a clear set of goals and materiality of these goals to the business. Due to the lack of detail and understanding of the SDG framework and with no definition of impact – and therefore no specific metrics for measurement – , most companies concern themselves with only those SDGs where they see an immediate alignment with their core business. Because the SDGs cover all aspects of sustainability, most companies can easily identify and claim positive engagements on one or two SDGs while ignoring others. As a result, claims in the company sustainability reporting about the contributions to the SDGs tend to be biased towards companies but are unable to show actual impact. More honest appraisals that publishes under achievements have yet to appear.

Effective action on many of the goals needs to consider particular challenges in FCS. For that reason, the 2030 agenda explicitly included Goal 16 that promotes peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels. SDG 16, covering ESG issues such as Human Rights and Corruption, has been recognized as an enabling goal playing a fundamental role in the achievement of many of the other SDGs. Because the interconnection is a two-way relationship, other SDGs more aligned with business sustainability strategies can potentially reinforce SDG 16 although the empirical evidence of this relationship will still need to be examined.

## SDG impact measurement

For many companies which aim to show their contribution to the goals, measuring the impact has been in particularly challenging. In general, impacting the SDGs has been casually understood as SDG actions without assessing the outcomes from them and has led to confusion on how to communicate the impact. Implementation of the SDGs and the reporting is further complicated by the fact that targets and goals interact and impact each other in many ways. It has been widely recognized that the 2030 agenda is

<sup>6</sup> See <https://www.globalreporting.org/SiteCollectionDocuments/Materiality.pdf> <Accessed on 29 May 2020> GRI outlines that "determining what is material or matters most considers economic, environmental, and social impacts that cross a threshold in affecting the ability to meet the needs of the present without compromising the needs of future generations" It implies that these thresholds for defining material topics ought to be set to identify those opportunities and risks which are most important to the company and its stakeholders (including local populations and society as a whole).

“indivisible” and that it must be implemented as a whole. However, when it comes to putting this notion into action, many companies often have competing priorities especially around the resources needed to implement the multi-dimensional issues covered by the SDG framework.

In line with the interconnected nature of the transformative 2030 agenda, creating a better understanding on how the goals interact with each other would help companies to identify a more holistic approach across the different dimensions covered by the ESG criteria, thereby steering away from using individual business indicators towards more composite indicators that will show their contributions to the multi-dimensional SDG framework. This multidimensional approach to indicator design would stimulate the search for better data and serious analytical efforts on what is material to the business. In turn, this approach would facilitate the communication on the goals and lead to more candid appraisals. In addition, there is reason to believe that this will help to determine the extent of a company’s social responsibility.

#### **4. Development of corporate social responsibility in FCS**

##### **Growing body of international guidelines and standards and their limitations**

Over the past 20 years, international norms, standards, and agreements have started to call for more direct engagement from the private sector in preventing conflict, and potentially contributing to peace. A growing body of guidelines and international standards on corporate behaviour signals a trend towards greater global expectations about what is and is not acceptable from companies. For instance, there is growing consensus on the human rights related responsibilities of companies, especially in FCS, by the wide acknowledgement of the UNGPs as indicated earlier in this paper.

Most of the new corporate guidelines and standards initiatives addressing sustainable development and human rights have been a response to growing demands for socially responsible corporate behaviour by consumers, and civil society organizations and more recently by stock and shareholders. However, it is neither clear to what extent any of the existing standards are implemented effectively at different levels of the company and on different companies, nor what kind of effects they have in the context or on the company itself, positive or negative.

In short, despite the wealth of standards and guidelines, there is currently no single guideline or standard dealing with all aspects of corporate responsibility in FCS while existing guidelines are not tailored to a specific context. This has led to calls for more specific guidance in which all conflict-specific elements of the existing guidelines are brought together.<sup>7</sup> With the exception of the OECD Guidelines and the International Finance Corporation (IFC) Performance Standards<sup>8</sup>, guidelines and principles also do not offer the possibility to address any wrongdoing or harm caused. These are missed opportunities as grievance mechanisms are in particularly suitable to create space for resolving conflict.

##### **New demands for tracking, assessing and reporting**

There is good reason to believe that the use of current standards will remain a ‘box-ticking’ exercise by companies instead of an on-going process that can lead to proactive, coherent business processes and progress on proper implementation. An impact evaluation of the existing standards and guidelines would be an important first step towards more effective use of the guidelines and may reveal if guidelines are restrictive and time consuming in their implementation or if they can be viewed as empowering towards more social responsible conduct.

With public international standards on corporate social responsibility continuously evolving and more avenues of redress for victims of corporate human rights abuses gradually emerging, mandatory disclosure of human rights and other social impacts will become more widespread. In the future companies are likely to face greater legal accountability for their social performance which places higher demands on tracking and reporting. With many companies already struggling with today’s standards, the challenge will be to (1) reduce complexity and tie sustainable development, security and human rights together on the basis of existing data as a way to become more cost-efficient and (2) determine materiality of multidimensional issues and identify the measures that can demonstrate the extent of their materiality to the business.

7 SOMO, “Fragile! Handle with Care: Multinationals and Conflict. Lessons from SOMO’s Multinational Corporations in Conflict-Affected Areas programme”, 2016, <https://www.somo.nl/fragile-handle-care-multinationals-conflict/> <Accessed on 21 February 2020>

8 See [https://www.ifc.org/wps/wcm/connect/c02c2e86-e6cd-4b55-95a2-b3395d204279/IFC\\_Performance\\_Standards.pdf?MOD=AJPERES&CVID=kJjHBzk](https://www.ifc.org/wps/wcm/connect/c02c2e86-e6cd-4b55-95a2-b3395d204279/IFC_Performance_Standards.pdf?MOD=AJPERES&CVID=kJjHBzk) <Accessed on 29 May 2020>

## 5. ESG Impact Measurement in FCS

### Defining corporate responsibility in FCS

Determining the social impact of current standards offers a starting point for defining a company's responsibility and its boundaries. Corporate responsibility is currently defined by existing guidelines and standards broken down by their materiality to the business. Any ask from companies to go beyond the guidelines to cope with the challenges in FCS stretches the prevailing perspective of corporate responsibility. Nevertheless, some multinational companies that acknowledge current standards to be insufficient in dealing with high risks contexts, have taken on additional responsibility towards the community.

In that effort to shape and define their new social responsibility role, the companies' own ambition, their capacity and their leverage in the supply chain and in the local context play a key role. It is known that a company's leverage locally can increase – both positively and negatively – over time due to a better understanding of the context and actors as well as the ability to use resources (i.e. employment, contracting opportunities, training of local contractors, economic development, infrastructure and efforts to attract much needed government services) to affect local dynamics. Especially, the larger international companies can apply their economic and political leverage to make any upcoming or additional investment in a country or region conditional and insist that governments make certain commitments, e.g. establish or reinforce social services or encourage them to take part in partnerships.<sup>9</sup> From this perspective, the issue of responsibility becomes a more nuanced notion driven by more localized factors.

One aspect that is currently overlooked when defining corporate responsibility is the connection with materiality. It has been suggested that an expansion of ESG criteria to meet further local community needs in FCS, could prove to be financially beneficial in accordance with the positive ESG-financial performance relationship mentioned earlier. In other words, assessing more local level material aspects would automatically offer clearer boundaries around corporate responsibility.

### Challenges of impact assessment in FCS

While many companies already have social and environmental impact plans and sustainability policies at their disposal, they struggle to address complex and dynamic situations on the ground in FCS. So far, the sustainability policies – including compliance to existing international standards – have usually failed to mitigate the adverse impacts of corporate activities on communities (including employees) or provide an adequate mechanism for effective accountability or for generating support among local people. The evidence for this is the increase in litigation and demand for mandatory human rights impact disclosure as well as the continuous tensions between stakeholders, i.e. foreign investors and host communities, on topics from land use to environmental protection, job insecurity and minority rights.

Although a company's efforts for creating positive impact at the global level can be measured through its company policy commitment towards international norms, conventions and guidelines, it becomes much more difficult to find information on the implementation of these global policies through the company's practices and their actual effects locally. Most impact assessments by companies tend to be positive because they rely for a great deal on self-reporting. Reports by NGOs on the other hand have a habit to expose more the negative impacts. Unlike more accepted ESG issues such as climate change mitigation and employee health & safety, more peace and security related impact related activities are largely missing from the corporate sustainability self-reporting. Disclosure of such activities may be politically sensitive especially when the issues relate to the host government. A fear of practices being perceived as blue-washing may also inhibit companies to make claims about their positive impact without verifiable evidences by third party sources or the voices of local communities validating the impact. Such factors expose the data gaps and inadequacy in current assessment as well as the challenges that exist around data gathering.

Partly driven by past company experiences including (fear of) shutdowns and demands from investors, a number of individual companies are working to develop specific company policies and operational guidance for high-risk contexts which involves, among other, more community engagement and third-party audits.

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9 Luc Zandvliet (2005) Conflict Transformation and the Corporate Agenda – Opportunities for Synergy.



## 6. The Human Security Approach for Business

### Human Security as a holistic approach to address multidimensional risks

A Human Security (HS) approach for businesses operating in FCS brings together the 'human elements' of security, rights and development. It is an inter-disciplinary concept that displays the following characteristics: people-centred, multi-sectoral, comprehensive, context-specific and prevention-oriented.<sup>10</sup> Human Security, therefore, connects fragility, human rights and sustainable development together and offers a basis for identifying thresholds of people's resilience. It takes into account a wide variety of risks to people and points to the level of impact by companies on their well-being.

In comparison to Human Rights (HR) based approaches that define corporate responsibility standards in FCS today, a HS analysis gives particular attention to structural vulnerabilities that look more closely to the causes of the human rights violations people may be exposed to. HR violations by companies today are frequently not addressed as manifestations of wider and long-term structural vulnerabilities in interrelated multiple spheres of life (economic, political, cultural and social). Instruments that address HR violations including those covered by corporate responsibility instruments currently give little attention to the underlying issues of chronic and absolute poverty, inequality, political repression, systemic human rights violations and pervasiveness of direct violence.

The key difference between HS and HR, therefore, lies in their approach to addressing threats to people. Whilst the HR frameworks take a legalistic approach that has profound limitations in FCS, the HS framework, by utilizing a diverse range of actors, adopts flexible and issue-specific approaches, which can operate at local, national or international levels. For instance, global environmental changes can trigger a series of regional side effects (e.g. drought or floods) and further reactions regarding people's livelihoods more locally (e.g. less income, food) which in turn is likely to affect people's health more individually (e.g. malnutrition).<sup>11</sup>

### The Human Security business case

A company's total social impact that enhances HS in FCS will depend heavily on the level of company engagement with the local context and actors. We suggest that a pro-active HS business approach has the ability to improve levels of trust relevant to the management of the supply chain and it can potentially build a company's reputation as a result of a better corporate responsibility track record. This in turn reduces the operational and financial risks as pointed out earlier.

The HS of people is context and case specific although in most cases there is a combination of insecurities at play which makes it difficult to address. For instance, high unemployment among youth groups increases the chances of violence in the area when the same groups were already excluded from economic circuits due to political or elite polarization and high levels of corruption.<sup>12</sup> From a political risk perspective which plays a key role in decision-making to invest in FCS, a strong business environment with transparent business practices and policies can potentially lower corruption and improve governance including perceptions of exclusion and discrimination in the operating area.<sup>13</sup>

By examining the challenges that people face in FCS, mapping them against the current societal fault lines and by breaking them down according to the type of risks to people's security, a HS approach offers a good understanding of the local context, a basis for engagement and a direction for how to deal with a complex situation that reduces the risks to people and to the company.

10 See: <https://www.un.org/humansecurity/what-is-human-security> <Accessed on 21 February 2020>

11 Communities that are most threatened by environmental changes often turn out to be the same groups who are also most threatened by economic, food and health related changes. They are also less resilient to absorb shocks than others, again because they have less economic, social, cultural, political resources. How deeply interconnected security and development are has been best summarized by Frances Stewart in her 2004 paper "Development and Security". She argues that Human Security forms an important part of people's well-being, and is therefore an objective of human development. Insecurity cuts life short and thwarts the use of human potential, thereby affecting the reaching of this objective. An imbalanced development that involves horizontal inequalities is the main source of many conflicts today. Therefore, vicious cycles of lack of development which leads to conflict, then to lack of development, can readily emerge. Likewise, virtuous cycles are possible, with high levels of human security leading to development, which further promotes human security in return.

12 Urdal, Henrik (2006) A Clash of Generations? Youth Bulges and Political Violence, *International Studies Quarterly* 50(3): 607–630.

13 See <http://visionofhumanity.org/app/uploads/2018/09/Business-and-Peace-Report.pdf> <Accessed 6 June 2006>

## Human Security, ESG and the SDGs

Human Security (HS) takes a holistic approach that helps clarify how diverse issues—ranging from deprivation in all its forms to violence and environmental degradation—interact and require comprehensive, context-specific solutions. As such, it does not add another layer to the existing frameworks but rather strengthens the work already in place by tying it together.

HS brings to light underlying issues that need to be addressed to mitigate against HR violations, and with regards to the SDGs, HS serves to inform how actions by companies on the SDGs can be risk responsive, thereby creating positive impacts on multiple fronts which will help to unpack the SDGs and identify where sustainability can be 'located' and stimulated.

This means that any progress to limit the various HS risks faced by people translates immediately into interconnected economic, environmental and social effects that serve to develop people's dignity and survival. In practice, specific actions to improve HS including those taken by companies will result in impact that protects people as individuals from particular threats they may be exposed to – be it personal, economic, political, environmental, or community, health or food-related. This chimes with the aims of the 2030 SDG Agenda which envisages actions on multiple fronts to build the resilience against crisis, underdevelopment, conflict, lack of governance and climate change.

The entry point for companies taking HS risk-informed and risk-responsive actions can be easily translated into an SDG contribution (see Figure below). Rather than selecting SDGs based on their general alignment with the core business as is the case today, HS emphasizes 'local' risks as a starting point so any SDG contributions can be directly connected to the actual improvement in people's wellbeing and security. From a measurement angle, HS has the ability bring together interrelated material ESG issues under one umbrella allowing composite indicators to be created that cover sustainable development, security and human rights dimensions.

Dimension of Human Security	Risks to security	ESG classification	SDG classification
Economic	Poverty, unemployment, corruption, lack of access to land, water, electricity, credit or good education	Governance and Social	SDG 1, 4, 7, 8, 9, 11, 16 and 17
Food	Hunger, famine	Social	SDG 2
Health	Infectious diseases, unsafe food, malnutrition, lack of access to health care	Social	SDG 3, 6
Environmental	Environmental degradation, resource depletion, lack of access to drinking water, natural disasters including drought or floods, pollution	Environmental	SDG 6, 12, 13, 14, and 15
Personal	Physical violence, crime, terrorism, domestic violence, child labor, injustices	Social	SDG 5, 8 and 16
Community/group	Inter-ethnic, religious and other identity based tensions, group grievances based on socio-economic & cultural inequalities, lack of social cohesion	Social	SDG 5, 10, 11, 16
Political	Political polarization, repression, human rights abuses, corruption, lack of transparency, injustices	Governance and Social	SDG 10 and 16

Figure 1: Human Security Risks mapped to ESG and SDGs. (Figure by authors)

Essentially, for companies to create a positive social impact in FCS and contribute to the SDGs, their efforts will need to go beyond standard CSR practices and compliance and more conflict sensitive approaches. Instead, they must use their business assets to expand current ESG criteria to impact the conditions for more HS that can create or sustain a more stable and peaceful society.

Such a people-centred approach will offer more clarity for a company's SDG identification and has a high potential to increase social impact framed as a contribution to HS. To achieve this, it is essential that ESG criteria are stretched and tied into the risks faced by local stakeholders and become material to the business.

## 7. Towards an operationalization of the Human Security Business Partnership Framework

### The Human Security Business Partnership

The cornerstone of the positive relationship between business and society is partnership and sustained collaboration between actors from the private, public and civil society sectors. The aim of the Human Security Business Partnership (HSBP), developed by LSE IDEAS in partnership with the UNTFHS, is to re-set the relationship between companies and communities, and direct their combined efforts to improve HS from the ground up.

The HSBP Framework for Action and Innovation (Figure 6) proposes a new model of multi-stakeholder collaboration and associative governance between the private sector, local communities, government and other stakeholders that enables the development of more effective responses to complex situations of conflict and fragility. It is people-centred, context-specific and comprehensive. It is specifically aimed at companies to help rethink terms of engagement with local stakeholders, but also to governments and civil society, as participants with business in achieving the vision of the SDGs, and transitions from crisis and conflict.

The HS perspective in the framework broadens the vision of which threats people face and emphasise their interconnectedness. The partnership approach for HS seeks to identify and enlarge areas of overlapping concern and interest between investors, companies and communities that are locally grounded and bottom-up, but also placed within a context of national and local policy goals.

The HSBP framework includes 5 principles: locally driven, inclusive, future orientated, trust and sharing, and suggests processes and tools on how to implement it. It is structured as a partnership for ongoing engagement with the flexibility to deal with changes in the



setting, and is therefore more than just a dialogue.

Figure 2: Human Security Partnership Framework (Source: LSE IDEAS, "People, Profits and Peace - Proposals for a human security approach for the private sector towards the achievement of the Sustainable Development Goals", 2018, <http://www.lse.ac.uk/ideas/publications/reports/people-profits-and-peace>)

This type of partnership considers a relatively new way of working at the local level, one that focuses on collective challenges faced by companies and communities in an effort to seek shared value and benefits in the form of risk reductions and SDG contributions. Agreement between the partners on key indicators for measuring social impact and collective buy-in to a process which includes collective evaluation of the partnership itself can help to validate impact, strengthen the legitimacy and ultimately the sustainability of

collaboration.

The partnership provides an essential governance mechanism through which a mutual effort between company and community can determine ESG factors and assess corporate impacts. Each principle provides a 'hook' for the impact assessment process (as well as being intended to shape how companies intervene generally in the local environment). In other words – local, inclusivity, future building, trust-building and sharing principles can each be used as 'meta-indicators' to assess corporate social impact within a context of collaborative working.

## 8. Conclusion

Human Security and Positive Peace work together in ways that have positive implications for measuring social impact by businesses operating in FCS, because they recognise the interconnectivity between human rights, security and sustainable development. Their combined use captures the comprehensive and dense nature of 'impact', enabling users to bridge to ESG risks that are closer to the business perspective and integrating social dimensions alongside environmental and governance aspects. Another strength is the relational element (focusing on risks to local people), envisaging impact measurement as an interactive process, conducted jointly between companies and communities, while setting it within a broader context of durable peace and sustainability, provided by the Positive Peace concept and measurement process.

The purpose of the paper was to highlight the limitations of existing assessment methods and standards and to demonstrate the value and benefits for applying the combined use of HS and PP approaches to address where current methods and standards fall short, particularly in FCS contexts. Today's company impact evaluating methods and processes overlook essential factors around fragility and conflict when companies cannot their relationship to the local context visible. They are left with a false sense of security and little guidance for more sustainable solutions to the risks they face. We conclude that the existing standards and guidelines around social impact with a strong focus on compliance and 'do no harm' are unable to capture the broader and longer term view of impact which ESG criteria aspires to do.

With more and more focus on improving ESG performance and greater demands to change corporate conduct, new thresholds for defining what are material issues to the business will be necessary. It is suggested that in order to identify those opportunities and risks which are most important to all company stakeholders including local populations and be able to measure actual impact of ESG actions, human rights, security and sustainable development need to be brought under one umbrella. HS helps to bring them together and clarifies how diverse ESG issues interact with each other and require comprehensive,

context-specific solutions.

HS informs a bottom-up materiality analysis from the country level to head quarter level to identify key risks with potentially high impact in FCS that are currently missed. Such a local-oriented approach would reduce the tension that seem to exist between risks, standards and impact by placing local populations at the centre of ESG risk management processes as part of a new standard that would facilitate the implementation of these processes and the use of resources to address local ESG issues. From this perspective, the contentious issue of responsibility becomes a more nuanced notion driven by localized factors that considers the strong relationship between materiality and social responsibility in FCS. The authors cautiously suggest that an expansion of the ESG criteria to incorporate more localized HS risks will ultimately be financially rewarded according to the positive ESG financial performance relationship. However, the authors do recommend that an ESG financial performance study for FCS will need to be conducted to determine the extent of the relationship.

It is therefore proposed to develop an integrated framework for ESG-HS risk informed measurement that shows which ESG issue matters most in relation to the various risks local people face and to what extent these issues are material for the company. HS indicators serves to inform how ESG actions by companies on the SDGs can be risk responsive, thereby creating impacts on multiple fronts across a wider set of SDGs including on SDG 16 that currently plays an underappreciated role in the eyes of companies and investors.

Such a framework can potentially provide a powerful way of measuring social impact in FCS by combining the strengths of the HS and PP. This type of partnership considers the collective challenges faced by companies and communities in an effort to seek shared value and benefits in the form of risk reductions and verifiable SDG contributions. As such, it will help unpack the SDGs and identify where peace is 'located' and can be stimulated within the other SDGs. An empirical analysis of the two-way relationship between SDG 16 and other SDGs would be valuable in this 'unpacking' process.

The goal for the development of the proposed ESG-HS framework is to assess the scope and prevalence of the HS related ESG issues at the local company level in FCS and come up with a solid evidenced-based methodology that can be replicated elsewhere. A major component of this is to design and implement the framework and systematic analysis on the basis of HS issues across seven dimensions further defined by threshold levels of human (in) security in order to inform and assess the materiality of these various issues. It is hoped that the framework can be tried and tested in several FCS to eventually determine which issues are cross-cutting and which are industry-or company specific in order to identify key general HS issue categories and establish guidance on how to advance such an effort from a

research based phase to a standard-setting phase with indicator selection.

With many companies already grappling with today's standards, the authors of the paper have attempted to show that the HS approach does not add another layer to the existing frameworks and instead offers a way to strengthen the work already in place by tying it together. Because companies will face greater accountability for their social performance in the future which places higher demands on tracking and reporting, HS and PP have the ability to reduce the complexity of today's processes. Furthermore, it is clear that companies will need to develop more collaborative solutions to measuring their social impact.

The authors conclude that the combined HS and PP approach is capable of determining the materiality of multidimensional ESG issues and they can offer integrated measures that demonstrate the extent of their materiality to the business. This requires an on-going process that can lead to proactive, coherent business processes and making progress on implementation of current guidelines while aiming to set a new ESG-HS standard.

## BOX 2: Measurable Attributes that Create and Sustain Peace in relation to ESG

By influencing the conditions that sustain peace, businesses will help to decrease some of the risks that people face. One of the key elements lacking in the international standards, guidelines and instruments – including those that offer guidance on conflict sensitivity – that are available to companies operating in FCS is a clear understanding on what factors sustain peace and stability in societies which makes positive impact measuring difficult.

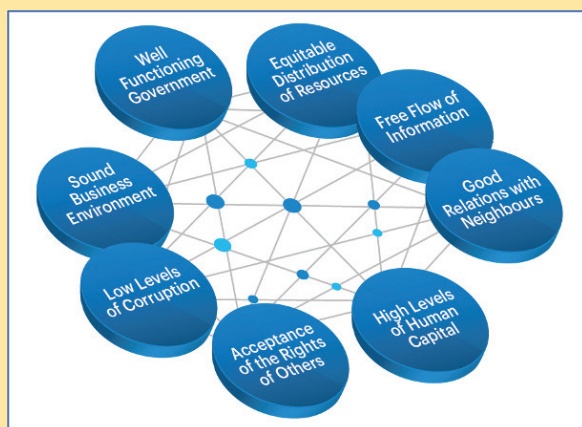


Figure 3: The eight Positive Peace pillars  
(Source: <http://visionofhumanity.org/app/uploads/2019/10/PPR-2019-web.pdf>)

Sustaining peace is a concept that attempts to broaden the peace agenda to include proactive measures aimed at building on peace where it already exists by reinforcing the structures, attitudes, and institutions that underpin it. This is also called Positive Peace. Whereas the starting point of peacebuilding is conflict and the process is one of transitioning from war to peace, sustaining peace begins with identifying those attributes and assets that foster social cohesion, rule of law, inclusive social and economic development and security—the factors that together contribute to a more peaceful and stable society in which human security is safeguarded for all. Especially in places where there is fragility but violence does not manifest itself, these attributes often remain undocumented and are therefore rarely cultivated.

The eight Positive Peace pillars overlap substantially with ESG criteria. This is because the “S” and

“G” components directly relate to attitudes, institutions and structures that create and sustain peaceful and prosperous societies and makes them more resilient. The “E” is connected to the pillars by the impact of environmental conditions on human activity and living standards such as outdoor pollution affecting citizens or clean water access for the population. Jointly, they form the background conditions that lead to improvements in ESG and determine people’s health, food, economic, environmental and personal security. In other words, the attributes that create and sustain peace are directly related to ESG criteria.

Improving the conditions that helps to sustain or create peace and reduce risks people face takes time whereby a wide variety of interconnected factors play a role. Therefore the social impact by companies in FCS can be best measured by looking at the total effects of the indicators tracked and how they interact meaningfully with the societal fault lines in operational areas of the business. This points to the need for a composite measure, reflecting company engagement and community perspectives, cross-referenced with pre-identified underlying issues within a pre-defined area and period. Ultimately, this should lead to impact measurement that include relational, locally specific and dynamic measures that capture changes and trends.



## **ANNEX: Methodology and process for measuring Human Security and Positive Peace**

It has widely been argued that the context specific and dynamic nature of the idea of HS inhibits a measurement of the potential insecurity of human beings. However, we propose a flexible process for operationalizing the idea of HS at the local level which is based on the research by Werthes, Heaven and Vollnhals (2011) that aims to put a value on each of the 'original' seven human security dimensions and on IEP's Positive Peace pillars as a means to measure the background environment of HS.

By identifying and measuring levels of Positive Peace in a defined area (region or operating area where relevant data including proxy measures are available or can be collected), the background conditions for HS – both the threat to HS and the resilience against the threat – that make up the environment are uncovered. The relationship between HS and Positive Peace has shown that increasing levels of Positive Peace offer more HS guarantees for people. They also reduce the ESG risks to companies as pointed out in Box 2. Deteriorating levels of PP to a level that it reaches a certain threshold will offer indications that the risk has become a threat to people's security with implications for the company and the business activities.

The seven HS dimensions offer guidance for the HSBP on what risk factors are important in making the local population more 'secure' across the different core categories of HS without the normative assumptions about what constitutes 'liveable' human existence. Such guidance for the HSBP is intended to address local needs and risks based on joint assessments and aims for any HS investment and development to be fully grounded in the realities and expectations of those that are or could get affected by a company's presence and or its business activities.

With respect to HS measurements and their relation to ESG criteria, the HSBP consultation process helps to identify a range of criteria as they are perceived by all stakeholders which can be classified under one of the seven individual but interconnected HS domains. For instance, types of ESG-HS informed risks that fall under the Economic security dimension are poverty and unemployment while malnutrition and hunger are categorized under the Food security dimension although these problems are closely interlinked and connected to additional aspects in other domains such as the economic and social status people enjoy. Each of these HS related ESG issues, if not addressed, may have a lasting impact on the local population. As such, they are part of specific sustainability goals that require risk-informed contributions to have an effect as described in this paper. The HSBP is in particularly suitable to cover corporate sustainability issues related to the use of non-renewable natural resources, human rights, protection of vulnerable groups, local economic development, access to land and water and the quality of services, responsible business practices regarding health and safety and other working conditions as well as bribery and corruption prevention.

The actual threat that is assessed within each dimension allows for a differentiated understanding of the respective insecurity dimension. For instance, the dimension of environmental security may show low values, the threat to economic security may be much higher for the same community. A scaling of the values forms the basis for those indicators to be aggregated to dimension value. This would lead to differentiated agendas when having to set priorities for actions. The HSBP will hereby help to direct priority and attention to (more relevant or material) areas of concern, and prevent future damages in a more precise and efficient way.

Value selection and scaling can be decided by the HSBP, for instance by using a materiality scale. In addition, the overall value of the HS background environment measured through the PP pillars will shed light on the actual human (in) security situation in a given defined area offering ways to verify the significance of the ESG-HS issue and define thresholds. A key element in this prioritization process for defining the issues that matter most to communities, company and other stakeholders is how such issues interact with existing background conditions including the strong inequalities along societal fault lines such as ethnicity, gender, class, tribe or region that often trigger violent conflict.



## ESG-HS risk response actions using Positive Peace

When considering ESG-HS risk response actions on the issues that have been identified and prioritized by the HSBP, the PP pillars can be used to track the effects of the responses over time. PP works as a system (Box 2) and can be applied at the national, subnational and local level. It does not specifically set out what interventions should be done for each of the Pillars to create social benefit as these very much depend on the cultural norms and development path of a specific country or community. What is appropriate in one community, may not be appropriate in another. What the Positive peace framework offers is guidance for actions that fit within the interconnected pillars. The more pillars to be addressed through social impact interventions, the higher the impact on human security and sustainable development. For instance, a lack of minority and women participation in a particular business sector which are caused by restricted access to markets, lack of access to education and health may be identified as highly relevant and material issues. Specific attention with the aim to increase the levels of workforce participation of those groups could improve their human security when applying a systemic approach along with a cultural sensitive strategy by the multi-stakeholder HSBP. Interventions that would lead to a higher concentration of work force participation among the marginalised groups such as women and minorities ideally would also strengthen several pillars including the *'Equitable Distribution of Resources'* pillar, *'Sound Business Environment'* pillar, *'Acceptance of the Rights of Others'* pillar and *'High Levels of Human Capital'* pillar.

This systems approach serves as a way to assess a company's total ESG impact on HS at various levels. This makes Positive Peace a suitable instrument to assess HS levels in the operating environment and the effects of the related ESG impact by companies on this environment.

## Tracking and measuring progress

To track and measure progress of the actions taken under the HSBP and demonstrate evidences of impact, indicators will need to come from primary data gathering or from reliable secondary data sources that are available locally or more regionally.

The HSBP offers the benefit of applying a multi-stakeholder process for joint indicator selection, potential data gathering and tracking as part of an ongoing engagement process between companies, local authorities, community groups and experts under the partnership.

Over time, the data gathered can be analysed in relation to the original threshold levels that started the process in order to assess whether the actions taken have brought a change on the material issues that were defined. When disclosed by companies involved in the HSBPs, the data collection can serve to inform a set of indicators as part of potential future ESG-HS risk standard setting processes in the sector or industry.

# Annex 2



## HUMAN SECURITY BUSINESS PARTNERSHIP FRAMEWORK DIGITAL PLATFORM, COLOMBIA, 2020

The development of a digital information platform is intended to support the Human Security Business Partnership Framework project supported by the UNTFHS and implemented by UNDP, UNHCR, Peace Startup and Government agencies in Colombia in 2020, and add to the sustainability of HSBPs. The project seeks to:

**Objective 1:** Strengthen the capacities of communities to hold dialogues and engage with government institutions and the private sector, and satisfy their needs.

**Objective 2:** Develop and support initiatives which improve economic security based on the mutual interests of the private sector, government, institutions and communities, through employment promotion and the creation of innovative entrepreneurial solutions, connected to local, national and international value chains and markets.

**Objective 3:** Strengthen the capacity of local institutions to create environments which promote private sector engagement with local communities, and which allow local institutions to implement public policies for sustainable development and peace.

**Objective 4:** Promote analysis, public dialogue and strategic positioning of the Human Security Business Partnership Framework and create a network of connections in Colombia through management and knowledge exchange of experiences and lessons learned.

The aforementioned objectives require the support of technology-based tools to manage information and facilitate the development of relevant activities.

### COLOMBIA

2 DEPARTMENTS

4 MUNICIPALITIES

## About the platform

What we mean by platform is the sum of information technologies which support some of the activities of the project and which can be sustainable over time in order to manage partnerships. It is intended to be scalable, and replicable in other contexts.

Design principles of the platform

### Simplicity

The platform will seek to use available technologies, taking advantage of service provider programmes.

### Openness

The platform will be open, and any person or organisation interested in the project may make use of it. The information gathered will be published under international open data standards. A model of agreed access will exist for each type of profile.

### Participation

The platform will encourage the highest possible participation using existing technologies and guaranteeing that these make sense for all users. Every phase will consider participatory agreement processes at the appropriate level which allow for the engagement of every actor.

### **Lean Startup**

During the design, development and improvement process of the platform Lean Startup methodology will be kept in mind, to guarantee that the project is geared to the needs of each user.

### **Objectives of the Platform**

- To manage the project “Partnerships for human security and reconciliation”, the data and the information of the project, and to deliver version 1.0 of a replicable and scalable global HS platform
- To allow for the collection, storage, processing, analysis and visualisation of data
- To be a channel of participation for different interest groups, communities, partners and beneficiaries of the project.
- To be a channel of communication, public information generation and involvement (for communities, companies and project partners).
- To enable monitoring and evaluation of the project

### **Intended users**

The platform allows for managing the following types of users. Each one of them will have different functionalities within the platform.

### **INTERNAL**

- Administrators of the project for:
  - Coordination and management of the project
  - Monitoring and evaluation
  - Various communications
- Information analysts for:
  - Data management, processing and analysis
- Project leaders and co-ordinators
- Teams on the ground and data collection teams

### **EXTERNAL**

- Community users
- Key partners
  - Donors and technical committee
- Supporting partners
- General public

### **OTHERS**

During the design and validation process further users who are potentially interested in the platform will be identified

### **Modules**

To address the different information components of the platform the platform will consist of the following modules

## PARTNERSHIP MODULE

### Objective

To visualise the project together with the principal partners and share general progress

### Type of information displayed:

- Activities between partners
- Profiles of Key Participants
- Maps of other stakeholders
- Reports

Everything related to the partnerships will follow the model of the Human Security Business Partnership Framework.

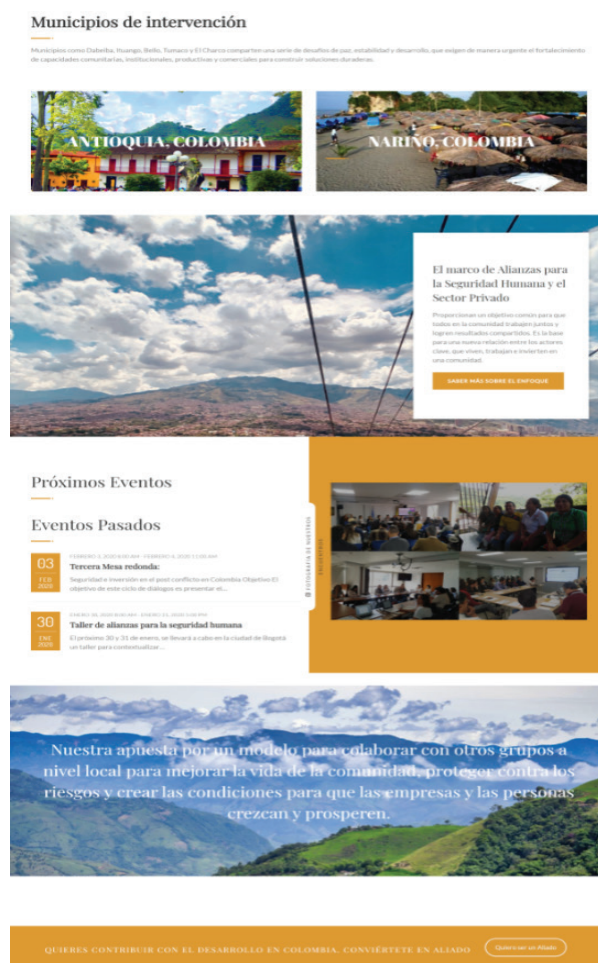
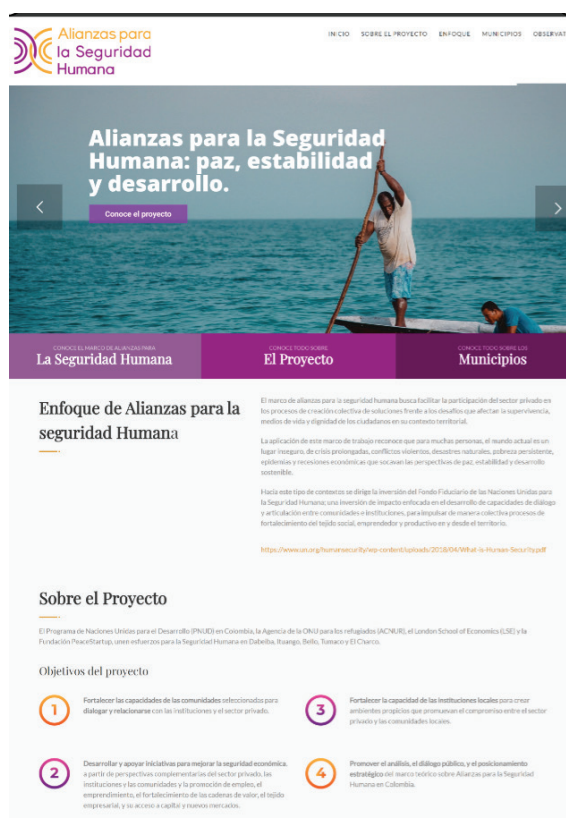
### Principal Functions

- Description of the partnership, proposal, objectives, scope
- Visualisation of actors and partners
- Events
- News
- Reporting of processes
- Communication process with the community

**Users:** The public

**Technology to be used:** Web content servers, with general search information that allows for easy access to information.

The module consists of a landing page which describes the HSBP Framework. Following pages will show concrete partnership information, partners and collaborative projects.



## MONITORING MODULE

### Objective

To present the project management indicators which will be referenced between 2019 and 2020

### Type of information displayed:

- Project monitoring indicators used at all stages of the project.
- Principal results of each stage.
- Performance indicators

Different mechanisms that ensure successful collection of information will be kept in mind.

### Principal functionalities

- To monitor the different project stages in a coherent manner and in real time where possible
- Generation of alerts in accordance with programmed and pending activities
- To serve as a base for managing and monitoring different Human Security projects for reference in future initiatives

**Users:** Core Team (UNDP, UNHCR, LSE, PSU)

**Technology to be used:** Business Intelligence Tool, which demonstrates the indicators of each project stage, with authorised access to consult information through user administration.



This module will eventually show the resources available, sections dedicated to different working groups within the project. The aim is to provide a focal point for locating key resources and tools for monitoring and reporting.

## OBSERVATORY MODULE

## Objective

To allow inquiries related to Human Security indicators and facilitate knowledge exchange on human security as well as cross-referencing of information for different users.

**Type of information used:**

- Open data
- 'Last mile' ( disaggregated and locally detailed) data
- Information on business opportunities by geographical location

### Principal functionalities

- To serve as a combined information source which brings together various data sources and presents them in a unified, interactive and useful way to each final user
- Possibility of downloading 'last mile' data via international open data standards

**Users:**

general public individuals, donors, Core Team and other interested users

**Technology to be used:**

Business Intelligence Tool, with a visualisation of information which matches the user. The content will be designed in accordance with the validation of needs which will form part of the partnership formation process with local stakeholders

In this module there will be a section showing the key indicators from the baseline in each municipality. Here we can show internal measurement of the dimensions of human security which will allow us to show changes in perception associated with interventions in each municipality.





## OPPORTUNITIES MODULE

### Objective

To enable different actors (investors, private sector, foundations, etc) to learn about and prioritise projects that match their interests.

### Type of information used:

- Open data
- 'Last mile' ( disaggregated and locally detailed) data
- Information on business opportunities by geographical location

### Principal functionalities

- To serve as a source for developing new business through connecting value chains and opening of new market opportunities in general
- To provide a focal point between projects to assist in connecting them to investors and finance

**Users:** individuals of the general public (investors, foundations, private sector, etc.)

**Technology to be used:** Web content servers, with general search information that allows for easy access to information.

For each municipality we have created a dedicated page showing the principal qualities and features to generate interest and help connect the project to different initiatives. The information also includes a mapping of businesses and projects.

In the following link you can go to the initial structure of each municipality's page.

[Bello](#)

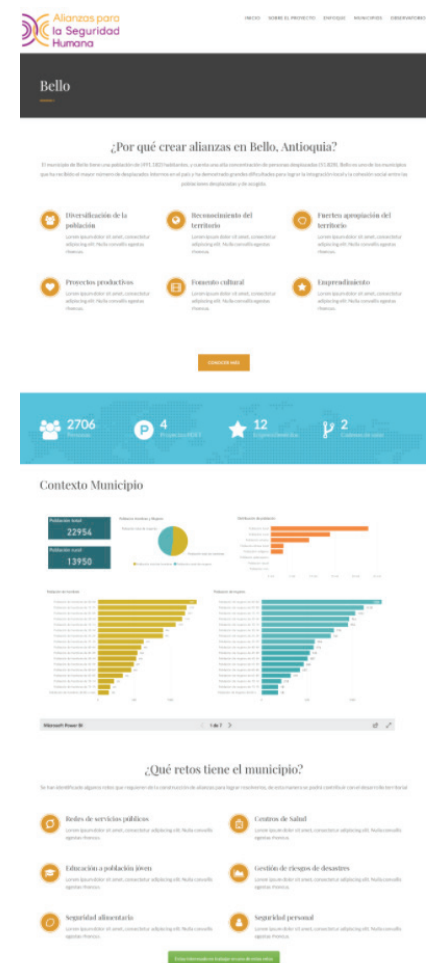
[Dabeiba](#)

[Ituango](#)

[El Charco](#)

[Tumaco](#)

Additionally there will be developed different interactive pathways with potential partners for each of the localised opportunities to improve its visibility to outside users.



See below for the image of a municipality sample page.



## **SUSTAINABILITY OF THE PLATFORM**

The platform is a tool which allows for the identification and selection of business opportunities according to different actor priorities such as: government sector, International assistance, Foundations, Capital markets, etc.

Beyond the life of the project in Colombia the platform is intended to be sustainable as a locus for information, analysis and visualisation of solutions for different private and public sector organisations.





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