

# Building Peace and Prosperity: What Business Can Do





## What Stakeholders Can Do to Scale Up Business Action and Investment in High-Risk Areas

Violent conflict is the biggest obstacle to sustainable development, yet the economic dimensions of conflict are often overlooked. At the same time, there is overwhelming evidence of the cost of conflict to the economy – in 2016, the economic impact of violence was US\$ 14.3 trillion in purchasing power parity, equivalent to over 12 per cent of global GDP.

The private sector has an enormous stake in the search for solutions. Sitting at the crossroads of culture, commerce and creativity, businesses can contribute the resources and incentives to help bring stability and create the conditions for peace – and with peace comes the opportunity for sustainable development.



### Overarching Considerations

- Implement and align with the UN Guiding Principles on Business and Human Rights to prevent, mitigate and address the risk of adverse impacts
- Recognizing that gender equality and women's participation are critical predictors of stability and security, all investments, interventions and state-building processes in any operational context – including in fragile, conflict and high-risk areas – must be designed realizing the role women can play as agents of change and with a view to addressing the needs of women and girls

### Actions for Businesses

#### Policies

- Conduct conflict analysis to gain an understanding of the interaction between company operations and conflict contexts and act upon that understanding by planning and implementing all activities to avoid negative impacts on conflict and maximize positive impacts on the organization, staff and society
- Ensure internal strategies, policies and operations are aligned with international frameworks – including the Ten Principles of the UN Global Compact, the UN Guiding Principles on Business and Human Rights and the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration) of the International Labour Organization – and that they are adapted to the needs of the context
- Understand, address and engage key drivers of conflict by intentionally working with existing peace operations, programmes and partnerships and supporting innovative ways to address conflict drivers, including poverty alleviation programmes
- Adopt hiring and workplace policies that cut across ethnic, religious or racial divides, and

prioritize local hiring from vulnerable, at-risk, discriminated or minority groups, with a gender-sensitive and conflict-sensitive lens

- Develop policies on corruption and human rights issues and put in place risk management procedures, including impact assessments, gender-sensitive assessments, training programmes and whistle-blowing mechanisms

#### Operations

- Develop a rigorous supply chain management system to assess and monitor if and how suppliers obtain resources and raw materials, especially in conflict-affected and high-risk areas
- Implement revenue transparency measures to decrease the potential for revenue capture and rent-seeking behaviour, as well as the potential financing of armed conflict
- Undertake due diligence in the hiring of private or public security services, apply evolving best practices and establish standards that reduce the likelihood of human rights violations while protecting company personnel and facilities
- Invest in conflict management capacity and

training for staff around the issues of conflict resolution, consensus building and the facilitation of community meetings

#### Social Investment & Community Engagement

- Provide support to peace negotiations, good governance programmes, special courts and tribunals that support reconciliation within communities
- Address community grievances and disputes constructively through dialogue and by developing grievance and dispute settlement mechanisms that allow affected parties to raise problems to the company with a clear process for discussion and resolution
- Establish strategic social investment programmes as a component of local stakeholder engagement and consultation, and apply the same rigour in developing social investment strategies as in other aspects of business operations
- Work in partnership with reputable third parties with the relevant local expertise and skills, including conflict analysis, mediation and arbitration

### Actions for Governments and the United Nations

- Enhance public sector engagement in the implementation of private sector initiatives, including the Extractive Industries Transparency Initiative, the Voluntary Principles on Security and Human Rights, the Kimberley Process for the Certification of Rough Diamonds and the Ten Principles of the UN Global Compact
- Integrate conflict-sensitive standards into procurement, including the transparent tendering of proposals and publication of outcomes of the bidding process
- Build the capacity of national and sub-national actors to adopt conflict-sensitive approaches, including by improving their understanding of conflict analyses in national planning
- Extend conflict-sensitive business initiatives to all sectors with particular attention to the needs of small and medium enterprises, suppliers and subcontractors, and state-owned enterprises
- Establish grievance and dispute settlement mechanisms that allow people to raise problems with a clear process for discussion and resolution
- Strengthen the international legal framework regarding illegal trade, including smuggling, the illegal arms trade and the criminal drug trade
- Ensure that programmes addressing the demobilization and reintegration of former combatants are developed and implemented with the private sector (including former women combatants and others associated with armed groups, such as former child soldiers and women of non-combatative roles)
- Provide focal points for conflict-sensitive programming

- Develop national accountability mechanisms to hold companies legally and financially accountable in cases where they are knowingly involved with serious abuses of human rights committed in conflict-affected areas
- Develop policies and initiatives for risk-sharing, particularly for smaller investors to invest in conflict-affected areas through guarantee schemes or related mechanisms
- Reform tax structures and incentives to combat illicit financial flows, including those related to violence and conflict
- Promote comprehensive transparency in resource revenue income, budget transfers and expenditures and help strengthen civil society capacity to monitor and track contracts and resources

### Actions for the Investment Community

- Conduct a conflict-sensitive risk and impact assessment prior to investing – this should complement, and not replace, human rights, environmental and social impact assessment processes
- Develop a robust mechanism for monitoring business and funding transactions to verify that they do not supply funding or other resources to armed groups
- Develop innovative financial tools and mechanisms that can incentivize investments in peace and security, including blended finance, pool funds and humanitarian impact bonds
- Improve communications between specialist Economic, Social and Governance (ESG) analysts and fund managers concerning all conflict-related issues discussed with companies
- Provide financial support and investment to women and young entrepreneurs, and partner with banks and financial institutions to close the gender gap in financial inclusion
- Engage with investee companies on their corporate human rights due diligence, including identifying whether a company has a specific human rights due diligence policy which identifies conflict risk
- Understand from investee companies how conflict risks are considered not only in the company's own operations but also how relevant business relationships are assessed
- Act collectively with other investors under appropriate circumstances

- Provide technical and financial support for the negotiation of certification systems for commodities and other resources, drawing on the lessons of the Kimberley Process for the Certification of Rough Diamonds

- Assist Governments in developing and implementing natural resource production-sharing agreements designed to ensure the equitable and transparent distribution of revenues

### Actions for Civil Society

- Develop partnerships in employment creation and training that coordinate public sector programmes with private sector needs
- Ensure that post-conflict youth employment and reintegration programmes address stabilization, reintegration and sustainable employment creation
- Identify areas where the local private sector – especially micro, small and medium sized enterprises – can support in procurement of products and delivery of services
- Share local knowledge with national and international policy actors by participating in multi-stakeholder dialogue platforms
- Work in partnership with reputable and conflict-sensitive third parties with the relevant local expertise and skills, including mediation and arbitration
- Develop detailed policies on bribery issues and put in place robust management procedures related to risk assessment, training and whistle-blowing to prevent corruption and ensure that relevant policies are applied to any third-party contracting with the organization
- Participate in national dialogue and consultation processes to ensure national development plans align with community needs and priorities
- Support and contribute to accountability mechanisms that monitor national development plan implementation

# Multi-Stakeholder Initiatives that Support Building and Investing in Peace

**The Action Platform for Peace, Justice and Strong Institutions** is built on an understanding that peace, justice and strong institutions are core to sustainable business, yet it can be difficult to understand concretely how these concepts relate to business strategies, operations and relationships. In this context, the Action Platform aims to provide global business standards in understanding, implementing and reporting on business engagement in these areas.

**Business for Peace (B4P)** is a leadership platform designed to catalyze actions for peace by assisting companies in implementing responsible business practices aligned with the Ten Principles of the UN Global Compact in conflict-affected and high-risked areas.

**The Connecting Business Initiative (CBI)** seeks to transform the way the private sector engages before, during and after crises. By supporting private sector networks around the world, CBI aims to increase the scale and effectiveness of the business response in a coordinated manner, create more resilient communities, increase local capacity and alleviate human suffering.

**Generation Unlimited** is a global partnership that brings together the public and private sectors – and importantly, young people – to find new ways to ensure that every young person is in school, learning, training or employment by 2030. The initiative will engage companies in identifying, co-creating and scaling effective and innovative solutions to reach more young people – especially those who are most disadvantaged – with secondary-age education and skills for learning, employability and decent work, and to address barriers to empowerment, particularly for girls.

**Innovation in Partnerships: Making A Business Case for Peace** provides a space for the start of meaningful partnerships for sustaining peace, by creating an ongoing platform where the private sector, Governments, UN Agencies and other stakeholders can engage with countries in conflict-affected situations.

**By supporting the principles of the Universal Declaration on Human Rights (UDHR)** the business sector can be a powerful force in contributing to economic and political stability. Companies are encouraged to express their commitment to meet their human rights responsibilities, including in conflict-affected and fragile contexts, through a public statement of their leadership among other practical engagement opportunities.

**The Women's Empowerment Principles (WEPs)** offer a holistic framework, based on real-life practices, that business can use in any operational context to empower women and advance gender equality in the workplace, marketplace and community.

**20-20-20** focuses on creating partnerships between industry and development actors to deliver the necessary transformation of lives through micro-insurance, recognizing that insurance is a critical and important tool for development and that micro-insurance is particularly critical for those who are the poorest and most vulnerable.



United Nations  
Global Compact



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OFFICE OF THE HIGH COMMISSIONER



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