

HUMAN RIGHTS AND BUSINESS ROUNDTABLE ANNUAL REPORT



2021

For over 60 years, The Fund for Peace (FFP) has been a world leader in developing practical tools and approaches for reducing conflict. With a clear focus on the nexus of human security and economic development, FFP contributes to more peaceful and prosperous societies by engineering smarter methodologies and smarter partnerships. FFP empowers policy-makers, practitioners, and populations with context-specific, data-driven applications to diagnose risks and vulnerabilities and to develop solutions through collective dialogue. FFP is an independent tax-exempt non-governmental organization headquartered in Washington, D.C. with a presence in Abuja, Accra and Tunis, Tunisia. FFP boasts six decades of programmatic experience in over 40 countries, focused on conflict early warning, peacebuilding, and sustainable development.

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The Human Rights and Business Roundtable Team

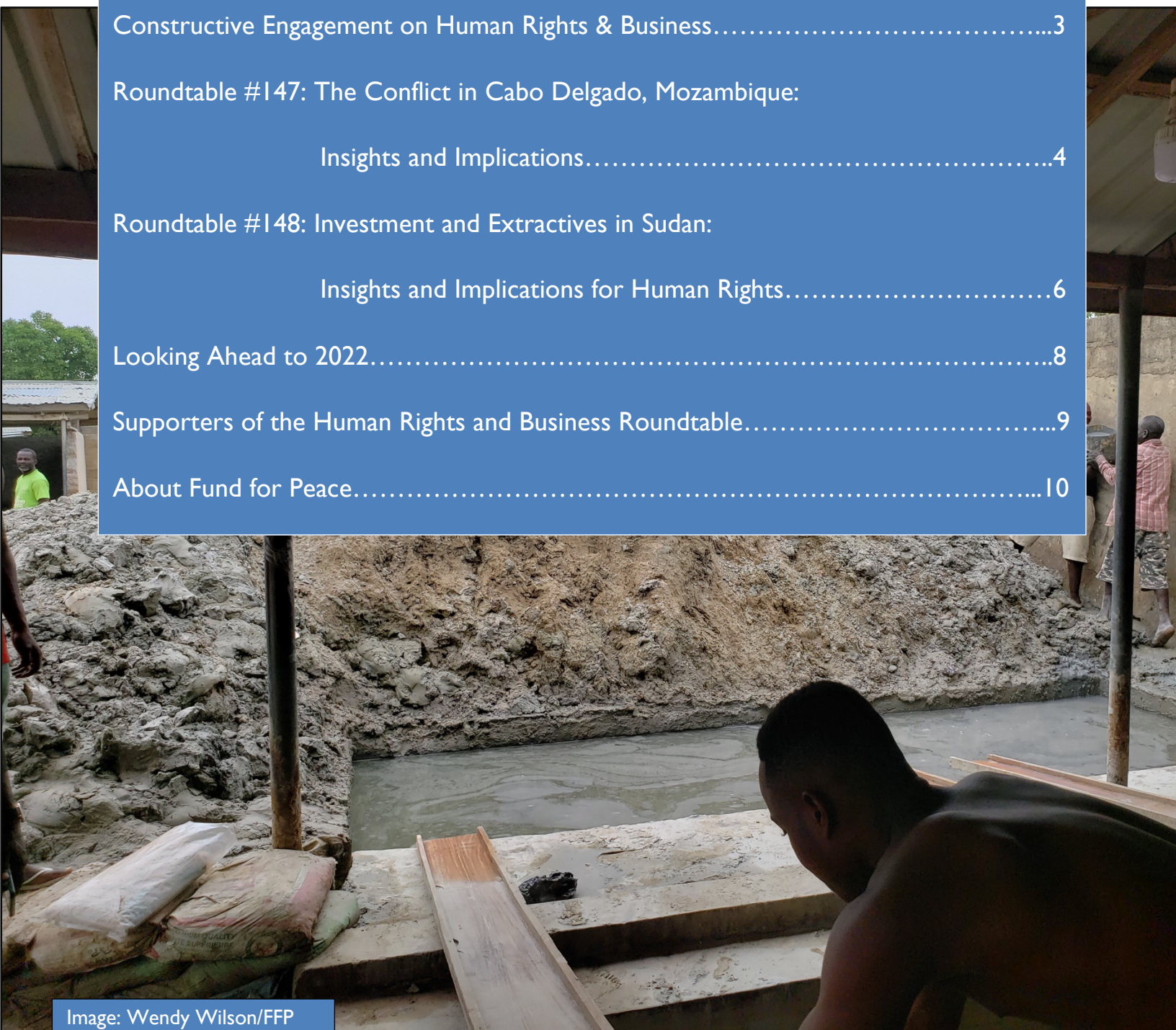
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The opinions, findings, and conclusions or recommendations expressed in this publication are those of the authors and do not necessarily reflect the views of any members of the Human Rights & Business Roundtable.

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INTRODUCTION

As it was for many, 2021 was a year of reflection, growth and change for the Human Rights and Business Roundtable (HRBRT). After temporarily pivoting the Roundtable format to a virtual setting out of necessity in 2020 due to the COVID-19 pandemic, the HRBRT team recognized the continuing utility—and limitations—of the virtual setting. While we missed our informal conversations and catchups over coffee, there was a depth and breadth to the availability of Roundtable attendees that would never be possible for an in-person event. For example, grassroots civil society organizations in Khartoum were able to not just attend but present to an audience of government and corporate leaders without having to face the daunting US visa process. After 25 years of success, it's gratifying to know that there are still opportunities for greater reach, greater partnership, and greater connectedness, while staying true to our mission.

The Roundtable continues to be an invaluable resource for corporations, governments, and civil society who use it as a way to minimize conflict and damage to communities, and to find ways to communicate, work together, and to promote sustainable development. In staying true to that mission, the Roundtable has grown to include not only extractive industry, who continue to be key members, but also increasingly bringing in the voices of the technology corporations and green energy industry. More and more corporations are intersecting with the human rights space and seeking Fund for Peace's expertise in navigating these new waters.

As in years past, the HRBRT covered numerous topics, including those highlighted in the Roundtable, as well as through the programs, research and conversations happening around the event itself. Topics included sustainable and responsible business practices, human trafficking, forced and child labor, sexual- and gender-based violence (SGBV), working

in conflict and post-conflict settings, security forces, and engaging with green tech. Many of these issues have been topics of HRBRT discussions for years, and ideas curated here have led to concrete policies and action for the betterment of all. Not least of all, this includes the Voluntary Principles on Security and Human Rights (VPSHR), which is now a flourishing independent initiative.

Despite 25 years of progress on these issues, many remain. We are reminded that just as corporations and nations do not operate in a vacuum, so too do these issues seep into each other, cross-cutting the narrowly defined roles or projects built to address them. The Roundtable brings together the lessons learned and best practices from around the world, not only from industry or government, but from grassroots organizations and human rights supporters who are equally invested in scalability and replication of successful projects and partnerships.

This year we featured two countries who are each dealing with protracted conflicts. Both Mozambique and Sudan are home to immense natural resources, but continue to struggle to maintain peace. Companies that are operating, or wishing to operate, in these countries face unique constraints on their business functions. Many of these corporations are interested in supporting the same stabilization and peace processes that local civil society is working on. Finding these avenues of connection and parallel goals is what the Roundtable is all about.

While much has changed about the Roundtable during this time, especially in the last two years, the core values remain the same. As we look toward another year of Roundtables, partnership, and growth, the Fund for Peace continues to be grateful for the community, locally and globally, who support this program.

Emily Sample, *Programs Director, Fund for Peace*

ABOUT THE HUMAN RIGHTS AND BUSINESS ROUNDTABLE

At the time of its launch in 1996, there was a growing global movement of activists that recognized problems and shortcomings in the practices and operations of corporations around the world, be it in regard to environmental concerns, labor rights, or security. Though there was a rapidly increasing level of coverage of these issues, a lack of dialogue between stakeholders existed; activists and companies viewed each other as adversaries, and rarely (if ever) engaged with one another. The idea that activists and corporations would even be comfortable in the same room together was a somewhat alien concept, such was the culture of mistrust at the time. Though there was much legitimacy behind many of the claims made by the activist community, there was minimal focus on actually affecting change that could address the problems that were being highlighted. After all, it is difficult to find solutions if the problems themselves are not even discussed in the first place.

In 1996, FFP sought to address this gap in stakeholder communication and understanding by convening the Human Rights & Business Roundtable. The Roundtable was one of the very first forums to bring together stakeholders from the business and NGO communities to discuss issues of concern in an environment of trust and mutual respect.

As the Roundtable progressed in its formative years, it was discovered that the issues faced by the oil and mining industries, along with the high level of

willingness to engage by the companies from those industries, led the Roundtable to focus specifically on that sector. Eventually, other key stakeholders were introduced into the dialogue, including government agencies (both American and foreign), military, aid and development agencies, multilateral institutions, and academia.

More than two decades later, the Roundtable continues to provide a forum for exchange and understanding between multiple, diverse stakeholder groups on a wide range of issues. Meeting regularly in Washington, D.C. (with many others calling in from around the world), the Roundtables focus on issues as wide-ranging as security and human rights, indigenous rights, sustainable livelihoods, conflict-free supply chains, grievance mechanisms, and measuring impact of implementation. Though the focus of the Roundtable continues to be the oil and mining industries, it is currently expanding to include sectors that face similar challenges, such as agriculture, construction, and renewable energy, among others.

Though the impact of the Roundtable is often indirect and hard to quantify, the evolution of the discussion on security, rights, and development issues over the past two decades is unmistakable. The Roundtable also provided the seed for the Voluntary Principles on Security & Human Rights (VPSHR), an international initiative that now boasts nearly ten governments and 30 multinational corporations.

CONSTRUCTIVE ENGAGEMENT ON HUMAN RIGHTS AND BUSINESS

WE DESIGN

- *Analytical Frameworks to Discern Risk, Fragility, Resilience, and Criminal Networks*
- *Early Warning and Response Systems using Technological Innovation*
- *Mixed Methodologies to Understand and Prevent Violence*

WE CONVENE

- *Global companies to support the development, implementation, and compliance with international standards*
- *Civil society partners to provide crowd-sourced, local data for joint analysis on digital platforms*
- *Stakeholders to develop joint analysis and response plans using holistic and regionally appropriate tools*

WE CAPACITATE

- *Through trainings, table top exercises, and scenario development on a range of topics for different audiences*
- *In companies to develop Security Risk Assessments, Security Management Plans, and Human Rights Training Programs*
- *In social science techniques with information technology to build early warning networks and systems in complex environments*

THE CONFLICT IN CABO DELGADO, MOZAMBIQUE: INSIGHTS AND IMPLICATIONS

ROUNDTABLE #148

JANUARY 27, 2021

Executive Summary:

Cabo Delgado province, the focus of Mozambique's natural gas development initiatives, has been home to a violent insurgency since 2017. Despite efforts by the government to address the threat, the insurgency has recently demonstrated an increase in tactical capacity, expanding the scale and frequency of violent attacks. While the impact of the violence on international investment is serious, the impact on local communities has been catastrophic. The Roundtable explored the current state of violence in Cabo Delgado and the response of communities, the government, and the private sector. Panelists emphasized the deteriorating state of the region, the conflict's impact on communities and international business investments, and the importance of responsible exits.

Key Takeaways:

There is a pressing need for responsible exits by businesses and international actors, increased humanitarian investment/access, and a massive statewide security overhaul to properly combat the insurgency.

Since the first attack in 2017, which claimed the lives of civilians and state security personnel, the insurgency in Cabo Delgado has grown in scale and size and has strategically instrumentalized local grievances and disaffection stemming from socio-economic pressures and historic developmental disparities for tactical gain. Efforts to address the conflict have thus far focused on funding and operational support from regional and international bodies, as well as counterinsurgency missions by the Mozambican army. However, despite these efforts, the insurgency continues to adapt, destabilizing the resource rich, yet underdeveloped, province. Now in its fourth year and with over 600,000 people displaced with limited humanitarian access, the insurgency shows no signs of abating and, as posited by a panelist, may evolve into a protracted crisis.

Operating in Challenging Contexts

Unlike most industries, for the extractives sector, the decision on whether or not to operate in a country is often dictated by the location of natural resources, and as evidenced over the decades, valuable resources such as minerals and hydrocarbons are frequently located in countries that have challenging political, social, and conflict dynamics. As dynamics on the ground escalate and the risks to host communities and extractive operators heighten, as seen with the Cabo Delgado insurgency, expectations and pressure grow for businesses to commit to responsible business practices. How then can companies ensure responsible practices, particularly those on

withdrawals, while operating in these complex environments?

As with the broader principles on responsible business practices, responsible withdrawals and exits by extractives in conflict areas, are underpinned by due diligence. It was noted that although historically, responsible withdrawals and exits from conflict-affected and high risk areas have generally been guided by the notion that the safety of employees is paramount and that expatriates are to be withdrawn if risks are deemed to be too high, emerging principles over the years emphasize the implications for nationals, communities, and property and the need for human rights (HR) assessments to account for the risks to employees left behind. Specifically, [the UN Working Group Report on Business and Human Rights](#), which outlines practices and steps to be implemented by States and businesses on the issue of human rights in

fragile settings, identifies 1) pre-planned exit strategies and 2) an assessment of the impacts of disengagement on affected people and the development of mitigation strategies as critical elements of responsible, human rights-based withdrawals.

As the Mozambican army remains hampered by operational challenges, the insurgency is likely to continue capitalizing on the weaknesses of the security apparatus as well as the lack of varied, multi-faceted response strategies, which will potentially worsen the insecurity in Cabo Delgado and increase the level of risk to extractive companies operating in the province. As such, it is imperative that extractive operations, guided by international standards like the [Voluntary Principles on Security and Human Rights \(VPSHR\)](#),

undertake rigorous due diligence to monitor and react to changes over times and take appropriate steps to mitigate those risks to local and international personnel.



INVESTMENT AND EXTRACTIVES IN SUDAN: INSIGHTS AND IMPLICATIONS FOR HUMAN RIGHTS

ROUNDTABLE #148**APRIL 29, 2021****Executive Summary:**

Sudan has been undergoing a democratic transition since its 2019 revolution. The Human Rights & Business Roundtable discussed the opportunities and risks of investing in Sudan during this period. Panelists emphasized the need for Sudan to update its legal codes and develop protections for its workers, especially women and youth. In addition, businesses need to ensure that the local community benefits from the presence of the businesses.

Key Takeaways:

Sudan should seize the opportunity to engage with the international community but must take steps to clarify its legal codes and create protections for its workers. Furthermore, prospective businesses should strive to invest ethically and sustainably, and engage local communities.

Sudan has been embroiled in near continuous cycles of conflict for the past 65 years, and under authoritarian rule for three decades. Since the 2019 revolution, however, the country is undergoing a democratic transition. Economically, Sudan is currently saddled with an inflation rate of over 300% and holds a debt of \$56 billion, while a quarter of the population depends on humanitarian assistance. Despite this, the country has made significant progress reducing reputational risk for conducting business. In particular, Sudan's removal from the list of state-sponsors of terrorism in 2020 has allowed it to resume critical partnerships with international organizations, such as the World Bank. Unfortunately, political risk persists. Sudan needs an improved legal infrastructure and enhanced rule of law to cultivate its investment standing. During this Human Rights & Business Roundtable, panelists from

civil society, academia, and the corporate sector came together to discuss the challenges facing Sudan during its transition and the opportunities for future investment.

Opportunities and Risks for Investment

Good business practices are complimentary to civil society objectives, and it was emphasized that areas of reform should include increasing accountability, ownership, and inclusivity in extractive industries such as gold mining. Panelists highlighted that it is essential, as part of good business practices and ethical investment in the country, to protect and create opportunities for vulnerable individuals (i.e., women, youth, and ethnic or religious minorities). This is particularly salient in a climate in which sexual

harassment remains pervasive, and in which there is little to no accountability for offenders. Furthermore, legal frameworks and codes must also be strengthened in Sudan to attract businesses. Sudan is the 3rd largest gold producer in Africa, but the vagueness of the current mineral regulatory framework makes it difficult to apply for a mining license. There is also an absence of miner health and safety regulations. To update the mineral code, Sudan should work with international organizations such as the World Bank or the African Minerals Development Center.

In addition, due to a previous lack of transparency by foreign entities, the Sudanese population tends to mistrust international investment. To counter this, businesses should invest in local communities through mutually beneficial initiatives such as building infrastructure, and improving access to education, skills training, or clean water. Business should also incorporate local supply chains and source equipment and food locally. The environment is a

development opportunity for businesses looking to invest in Sudan's long-term stability. Food insecurity, exacerbated by chronic land degradation and deforestation, has contributed to political unrest and conflict, especially since 80% of Sudan's economy is primarily agribusiness and 70% of Sudan's population lives in rural areas. Climate-conscious solutions can boost the job market, reduce local agitation, and mitigate other demographic pressures rooted in climate change. Investors may want to support initiatives such as the Great Green Wall of Africa, the One Trillion Tree Pledge, and the United Nations Sustainable Development Goals.

Expanding the role of the business community in Sudan at this time will foster the growth necessary to reintegrate the country back into the global economy. However, investors must practice responsible business operations that ensure mutual benefits between the companies and local communities.

With special thanks to The Afrika-Verein/African Association of German Business (AV)



LOOKING AHEAD TO 2022

The Roundtable will continue to embrace the new opportunities available to host virtual events, as well as returning to events in-person when and where it is safe to do so. This flexibility allows the Fund for Peace to engage with global members and convene meetings however is most convenient for the membership.

The focus of the future Roundtables will continue to be reflective of two factors: specific requests from members and issues of high priority in the human rights and business field. As such, we welcome requests or suggestions. The Roundtable can convene a panel of experts for a public discussion or host a smaller discussion between a few invited parties. Potential topics include, but are not limited to:

- Country- or region-specific spotlight
- Gender
- Sexual- and Gender-based Violence
- Armed or Unarmed Security
- Indigenous Rights
- Engaging Minority populations
- Building Community Relationships
- Child Labor
- Forced Labor and Human Trafficking
- Environmental Sustainability and “Green” Adaptation

As always, all Roundtable events will continue to be a safe space for constructive and open discussions on the promotion of human rights, good corporate practices, and sustainable development.

To request or suggest future HRBRT topics, please email Emily Sample at esample@fundforpeace.org.

SUPPORTERS OF THE HUMAN RIGHTS AND BUSINESS ROUNDTABLE

The Fund for Peace is grateful for the continuing membership of the

Supporters of the Human Rights & Business Roundtable:

CHEVRON

FREEPORT-MCMORAN

KOSMOS ENERGY

NEWMONT MINING

FFP also thanks the following organizations for their participation in the Human Rights & Business Roundtable in 2021:

U.S. Department of Labor

Herbert Smith Freehills LLP

U.S. Department of State

Universidade Eduardo Mondlane

U.S. Agency for International Development

Heracles Consulting, LLC

Harvard University Advanced Leadership Initiative

Paul Hastings, LLP

Siemens

Wamina

Insight Strategy Partners



ABOUT FUND FOR PEACE

Smarter Approaches to a Complex World

Fund for Peace was established in San Francisco in 1957 by Randolph P. Compton and his wife Dorothy Danforth in memory of their son, John Parker Compton, who was killed in action while serving with the U.S. Army's 10th Mountain Division in the Italian Alps during World War II. In the wake of their son's death in combat, the Comptons sought to pursue a more peaceful world and as such created FFP as a think tank and philanthropic foundation with the mission of supporting research and advocacy on issues that advanced the agenda of peace.

At the time of its creation, FFP was primarily focused on the most pressing issue of the Cold War era — nuclear non-proliferation. As the challenges facing our world have shifted over the decades, so too have

our approaches and programming. In the beginning, FFP's role was as a philanthropic funder of a variety of organizations committed to nuclear non-proliferation. With the fall of the Berlin Wall and an end to the Cold War, FFP re-evaluated its mission and purpose, and emerged as an implementing organization dedicated to responding to the challenges facing weak and fragile states. Today, FFP is focused on understanding and addressing issues of violent conflict, state fragility, and security and human rights. We work with a variety of partners in government, multilateral organizations, security forces, foundations, corporations, civil society organizations, and local communities in dozens of countries around the world.



Fund for Peace Staff



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