CORPORATE SOCIAL RESPONSIBILITY

Just Governance Group's experience and approach to responsible business in developing countries

Introduction

There is increasing attention to the roles and responsibilities of business enterprises in the social, environmental, and economic development of communities and countries. To that end, the promotion of Corporate Social Responsibility (CSR) in the private sector has intensified both in Canada and internationally. While there is not one universal definition of CSR, it is generally perceived to be both a societal demand and a benefit to business performance. The substance of CSR has developed incrementally over the past 3-4 decades in Canada,[1] and has increasingly become multidimensional as a result of recent guidelines developed by multilateral agencies. Furthermore, private enterprise has become recognized to a greater extent as an active partner in development cooperation.

Due to issues arising in natural resource exploration and extraction, the Government of Canada's current international policy on CSR focuses on the extractive sector. The policy, "Building the Canadian Advantage: A Corporate Social Responsibility Strategy for the Canadian International Extractive Sector", has four pillars: 1) support for host country resource-governance capacity-building initiatives; 2) endorsement and promotion of widely recognized international CSR performance guidelines; 3) support for the development of a centre for excellence in CSR; and 4) creation of the Office of the Extractive Sector CSR Counsellor.

The Canadian International Development Agency (CIDA) is also implementing development programs related to CSR, especially in the Andean region, in an effort to strengthen community, government, and private enterprise coordination.

JGG Consultants' Observations on CSR

JGG consultants in the field have observed tensions arising in communities as a result of the expansion of activities by the extractive and other large industries. For example, mining and other industrialization projects may affect the livelihoods of small agricultural producers as well affecting the use of natural resources (access to water, indigenous territories), resulting in controversies about human rights guarantees and competing visions of economic development. When various levels of government lack clear laws, policies, or procedures to guide communities and enterprises in consultative processes, the result can leave all stakeholders in a chaotic and tense

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[1] See milestones of CSR in Canada and internationally at the Centre for Excellence in CSR website: http://www.cim.org/csr/MenuPage.cfm?sections=67,139&menu=140

situation. In areas that have not previously had industrialization or mining projects the proposed initiatives may pose real or perceived threats to traditions and customs. Compounding the situation is the fact that local governments often lack experience in managing large development projects.

While business enterprises in the extractive sector generate significant public revenues, JGG consultants have noted that mechanisms introduced by national governments in the Americas that seek to redistribute these revenues through income supplements and other social benefits may also have adverse consequences. For example, problems that could arise from the redistributive mechanisms include: the favouring of those specific regions where the mineral resources are located; the offloading of administration and accountability for appropriate use of the social benefit to women, particularly mothers; the lack of long-term sustainability; and the potential for revenue redistribution to be used for political purposes (to reward political favours).

In addition, JGG consultants have noted that labour rights may not be fully complied with by informal as well as formal enterprises, especially when public institutions are not sufficiently strong to enforce protections for workers.

JGG's Knowledge Framework with regard to CSR

Consultants in the Just Governance Group[2] have diverse and complementary knowledge and professional experiences related to CSR, with particular expertise related to:

Effective International Development

- Good practices in aid effectiveness (the Paris Declaration on Aid Effectiveness in practice), including:

    - Coherence between national development plans and cooperation initiatives,
    - Participation and ownership by national actors,
    - Donor harmonization, and
    - Diversification of financial sources and partnerships in development cooperation[3].

- Sustainable and equitable development

- Participatory multi-actor (government, community, private) initiatives

- Gender equality in development programming

International Guidelines and Principles for Business Enterprises

- The Organization for Economic Co-operation and Development's Guidelines for Multinational Enterprises[4]

- The United Nations *Protect, Respect and Remedy Framework* on Business and Human Rights (Ruggie Framework)[5]

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[2] The JGG consultants/associates with experience related to CSR are: Kimberly Inksater, Carmen Beatriz Ruiz, Lisa Lachance, Lloyd Lipsett, David Grajeda, Outi Karppinen, Christopher Yeomans.
[3] See "Busan Partnership for Development Cooperation", an outcome document from the 4th High Level Forum on Aid Effectiveness.
[4] http://www.oecd.org/document/28/0,3746,en_2649_34889_2397532_1_1_1_1,00.html
[5] The Human Rights Council approved John Ruggie's proposed framework in 2008 during its 8th regular session: See A/HRC/8/5 (7 April 2008). The Special Representative presented "Guiding Principles on Business and Human Rights: Implementing the UN 'Protect, Respect and Remedy' Framework" in March 2011, which the Human Rights Council adopted during its 17th regular session in June, 2011.

- International Finance Corporation's *Performance Standards*[6]

- Voluntary Principles on Security and Human Rights[7]

- ISO 26000, the International Organization for Standardization's guidelines on social responsibility

- International Human Rights and Labour Norms and Assessment Tools

- International labour law, (ILO Conventions), including specific conventions relating to indigenous peoples' rights and child labour

- International human rights norms, including:

  - Indigenous peoples' rights in the United Nations and the Organization of American States' systems
  - Economic, social and cultural rights
  - Rights of ethnic minorities
  - Rights of children

- Children's Rights and Business Principles[8] (developed by UNICEF, Global Compact and Save the Children)

- Human rights norms and principles related to business operations

- Human rights impact assessment guidelines (such as The Report of the Special Rapporteur on the Right to Food)

- Human rights risk, compliance, and impact assessment tools

Conflict-Sensitive Approaches

- Conflict analysis methods

- Conflict prevention and conflict transformation/management mechanisms

- Conflict sensitive development cooperation programming

- Specific conflict dynamics in the extractive sector

JGG's Approach to CSR

CSR has been used as a term to refer to activities undertaken by business enterprises to enhance risk management, environmental practices, community relations, and corporate image in order to operate effectively and efficiently in the social and political context where business operations are located. JGG notes that the evolution of CSR has taken a more multidimensional approach with responsibility for effective and efficient business practices being shared among government, communities and corporations. The 2010 ISO standard on Social Responsibility provides guidance consistent with a multidimensional approach based on seven principles[9] applied to seven core subject areas[10] of business operations.

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[6] http://www1.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/ifc+sustainability+framework/2012+edition/2012-edition#PerformanceStandards

[7] http://www.voluntaryprinciples.org/principles/introduction

[8] http://www.unglobalcompact.org/Issues/human_rights/childrens_principles.html

[9] The seven principles are: transparency, ethical behaviour, stakeholder interests, rule of law, international norms of behaviour, and human rights.

[10] The seven core subject areas are: organizational governance, human rights, labour practices, fair operating practices, environment, consumers, community involvement and development.

This multidimensional and collaborative approach to responsible business is consistent with two "lenses" with which JGG has particular expertise: a human rights-based approach lens, and a conflict-prevention or conflict-sensitive lens.

Human Rights-Based Approach

The human rights-based approach (HRBA) refers not to specific rights entitlements but to basic principles that are derived from international human rights norms contained in the core international human rights instruments of the United Nations system.[11] A human rights-based approach is a lens that can be applied to a process and to an analytical framework.

The major considerations of human rights-based approach include:

- Recognition of individuals and groups as "rights-holders" (although duties of rights-holders are also identified as integral to the enjoyment of rights in some national constitutional frameworks).
- Recognition of states (governments) as "duty-bearers" with the primary obligation to protect, respect, and fulfill human rights. There is a growing recognition in international law and policy that business enterprises and other non-state actors are also "duty-bearers" that have a responsibility to respect human rights.[12]

A reciprocal relationship between rights-holders and duty-bearers is characterized by:

- Participation of rights-holders in decision-making processes of the state and those of other duty-bearers.
- Accountability of the state to respect, protect, and fulfill its human rights obligation; and to provide access to remedy and redress when human rights are violated.
- Non-discrimination as a cross cutting principle for all human rights.
- Acknowledgement that human rights are indivisible, interrelated, and interdependent.

A human rights-based approach to CSR implies that business representatives, as well as rights-holders and duty-bearers, need to be aware of human rights obligations and need to participate actively in transparent dialogue mechanisms on issues that may impact individual and collective enjoyment of human rights.

Conflict-Sensitive Approach

JGG believes that a conflict-prevention or conflict-management approach is essential to successful CSR initiatives. Conflict is natural and inevitable and can provide an opportunity for the strengthening of democratic processes. In some countries, democratic consultation and formalized conflict resolution processes may not yet be in place. Likewise, some corporations

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[11] For more information on the UN Human Rights-Based Approach see The UN Statement on the Common Understanding on Human Rights-Based Approach to Development Cooperation and programming at:
http://www.undg.org/index.cfm?P=221

[12] The United Nations' "Protect, Respect and Remedy" framework developed by John Ruggie analyzes the obligations of states and responsibilities of companies with respect to human rights. This framework is based on the following three pillars: i) States have the primary obligation to protect human rights, including against business-related human rights abuses, ii) Business enterprises have a responsibility to respect human rights through an ongoing process of human rights due diligence that is adapted to the operational and country context in which they operate, iii) Both states and business enterprises have a shared responsibility to provide access to remedies for business-related human rights abuses.

may not have integrated conflict analysis or risk analysis into their business cycle. The identification and integration of conflict-prevention and conflict-management methods at the outset of any development initiative is good practice and can help prevent and/or manage prolonged social conflict.

In the context of natural resource exploitation conflict prevention is particularly important given the link between highly valued nonrenewable natural resources and violent conflict. The United Nations Development Program (UNDP) suggests a three-pronged approach to conflict prevention:

- a conflict-sensitive approach to development, which involves regular conflict analysis of the situation to ensure that the context is understood and that actions are not taken that could unknowingly exacerbate conflict,
- the building of conflict management capacities among all stakeholders (community, government, private sector companies) as a regular approach to democratic decision-making and good governance, and
- ongoing transparent and open dialogue among stakeholder groups from the outset and at regular intervals.

JGG's Professional Experience related to CSR

JGG consultants bring together a range of professional experience related to CSR in developing countries as well as in Canada. For example, consultants have:

- facilitated tripartite social dialogue mechanisms to promote improved labour relations and observance of internationally and nationally recognized labour rights (Guatemala).
- built capacities in conflict management (including community-business-government dialogue) related to natural resource exploration and mining operations (Canada, Bolivia, Peru).
- assessed multinational corporations' codes of conduct in relation to national and international law (Guatemala).
- monitored and evaluated multi-stakeholder development projects that promote local economic development (China, Peru).
- monitored and evaluated development projects that promote:
    - skills and leadership development of small farmers in indigenous communities in local economic development (Guatemala, Peru).
    - labour rights and the formalization of informal employment and informal business operations (Guatemala, Nicaragua).
- carried out human rights impact assessments of mining operations (Guatemala, Peru, Philippines, Democratic Republic of Congo, United States, Canada).
- carried out human rights impact assessments of bilateral and multilateral free trade agreements (Canada/Colombia, Vanuatu).
- developed policy and facilitated multi-stakeholder dialogue related to child rights in relation to private sector development (Canada, Colombia).
- assessed legal, institutional and policy advances related to indigenous peoples' rights and natural resource exploitation (Bolivia, Colombia, Peru, Guatemala, Canada).

In addition, JGG has organized a learning symposium to exchange approaches and experiences related to CSR related to natural resource exploration or exploitation from human rights and conflict-sensitive perspectives.

JGG's Services in CSR

The mission of the Just Governance Group is to influence and contribute to the development of just societies by applying sound theoretical and practical knowledge in governance and justice initiatives internationally. The Just Governance Group believes that a just society is characterized by its degree of:

- Respect for human rights
- Respect for the rule of law
- Participation and inclusion
- Gender equality
- Constructive dialogue
- Commitment to participatory democracy
- Respect for difference and pluralism
- Equitable wealth distribution and opportunities for economic participation

Consequently, this mission influences the services JGG provides to its clients and the issues addressed in its knowledge development function. In the realm of CSR, JGG is well prepared to work with like minded stakeholders who share the above values, in order to:

- Build competencies and capacities in CSR from a human rights-based approach and conflict-sensitive lens with government officials, community organizations and business representatives through training and/or advisory activities.

  - JGG believes it is especially important to strengthen public institutions at various levels of government. As arbiters of public interest, public entities are responsible for balancing constitutional rights protections and economic development initiatives related to land use, food security, natural resource protection, among other issues.

- Advise legislative and governmental bodies on the content of laws and regulations required to ensure responsible and equitable economic development.

- Provide advice and multi-national multi-stakeholder dialogue related to the right of indigenous peoples to be consulted.

- Conduct independent human rights risk and impact assessments.

- Facilitate multi-stakeholder dialogue among government officials, community members, and business representatives about proposed and ongoing business operations, including social/community development initiatives.

- Monitor and evaluate government services and business operations, including CSR policies, grievance mechanisms, and social/community development initiatives.

- Offer analysis and exchange of successful experiences related to CSR and economic development.

Prepared by JGG

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