

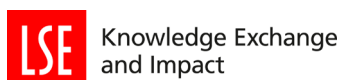


Maximising
business contributions
to sustainable development
and positive peace

A human security approach



Bureau Van Dorp



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Maximising business contributions to sustainable development and positive peace: A human security approach

Summary

This report examines how business can contribute to meeting the challenges of a world struggling to achieve the Sustainable Development Goals, recover from the COVID-19 pandemic and make changes to traditional models of capitalism and investment. Faced with growing pressures from customers, employees, investors, and the wider public, business leaders have sought to respond with commitments to the SDGs, alongside adopting new ethical standards on human rights, transparency, and good governance.

None of this will succeed in making a difference unless it is accompanied by meaningful action at the grassroots, where the consequences of business decisions are felt every day in the life chances, hopes, and prosperity of people, their families, and societies. This report addresses the gap between management rhetoric and good outcomes, focusing on how the private sector can help achieve what some are calling the Great Reset by acting in cities, towns, villages, manufacturing plants, mines, and call centres, to foster societies that are resilient and better able to withstand shocks from pandemics to conflict, climate change to the technological revolution.

Based on research conducted by academics and practitioners for the UN Business and Human Security Initiative at LSE IDEAS, the chapters in the report highlight ways companies and investors can participate in creating sustainable, inclusive, and more equitable economies through action and strategies at the local level, working in and with communities and alongside governments and civil society. It proposes issue areas where business can make a difference: the use of digital technology; new ways of targeting environmental, social, and governance (ESG) goals; collaborating with public and civil society sectors via multi-stakeholder partnerships; supporting innovation with impact investing, and addressing the challenges of migration, displacement, and an increasingly mobile global population. Most importantly in all these areas, the report argues for a human security approach, putting people at the heart of solutions to the problems and opportunities that face businesses in 2021 as they rewrite their contract with a rapidly changing society. The analysis and proposals in the report build on myriad existing initiatives and actions whose aim is to harness the constructive role business can play in furthering development and peace.

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The report aims to show what a human security approach means for business, that it is practical, achievable, and offers durable solutions to social challenges. It builds on what companies, investors, and entrepreneurs have already committed to the sustainability agenda and the advances made, although sometimes slow and piecemeal, in human rights, business accountability, and engagements with communities.

The key message of this report is that the private sector can and should now go one step further. It can make good on promises of sustainability and responsibility and help shape what the UN Secretary-General declared should be a Decade of Action, to get Agenda 2030 done. Human security provides business with a bridge between human rights, sustainable development, and stakeholder engagement. It connects high-level rhetoric with the realities of everyday life and creates a common language to bring together multiple actors, including business and communities. It offers a way for business to meet its own needs and interests while paying attention to the needs of communities, large and small, prosperous or struggling, and achieving productive and long-term relationships across historic divides between public and private, business and society.

The chapters reflect three years of dialogues held with companies, policymakers, and NGOs, in specific sectors, across industry and finance, and academic debates regionally and internationally, about, not whether, but how business can help transform economies and societies. They feature challenging contexts and highlight opportunities to improve human security and wellbeing, where companies can go beyond basic standards of respect for human rights, corporate responsibility, and inclusion. The chapters explore how the private sector can adapt and innovate, through focusing on a few fundamental change drivers to impact people in ways that benefit business itself and society at large. ■

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Chapter 1

Introduction

A decade ago, the UN called on business to join an agenda to improve development outcomes for the world's poorest and most disadvantaged. Seventeen sustainable development goals (SDGs) would stimulate change by tackling poverty, clean water, a healthy environment, decent work, and building institutions for peace and justice. Agenda 2030 was not just a framework for government action but also a rallying call to the private sector. Companies have responded by committing resources and effort and spreading a global narrative of sustainability that points to a significant shift in business priorities and strategies.

[The Decade for Action](#) launched by the UN last year is intended to accelerate the SDG agenda and ensure that governments and companies alike meet the goals by 2030. The coronavirus pandemic has hindered progress towards the SDGs and also highlighted the urgency to achieve the targets. On just two measures alone, health and education, 3 million children under age 5 are expected to die every year (at least 850,000 above the SDG target), and 225 million children are expected to be out of school. On SDG1, the pandemic has pushed 71 million people back into extreme poverty in 2020, the first rise in global poverty since 1998. The income of informal workers is estimated to have dropped by up to 81 percent in some regions, requiring measures to protect both enterprises and workers and achieve SDG 8, [decent work for all by 2030](#).

The challenge of keeping the sustainability agenda on track is urgent. The [World Bank](#) estimates that the financing gap for developing countries could be between US\$25- 100 billion per year (World Bank 2020). The pandemic has revealed the extent of what needs to be done, even beyond the SDG targets. Fragility is more widespread and acute than many thought. Inequalities have been laid bare and exacerbated. Fault lines within societies have been exposed and pose new risks to stability. Racial injustice has added fuel to social tensions.

The Decade for Action requires not simply an accelerated effort to meet sustainable development milestones. It demands an Agenda 2030 Plus: meaning we must generate novel approaches to prevent future crises related to health and the climate. We have to meet the challenge of a changing global economy in the face of technological change. Building resilience systems cannot be left solely to governments and aid organisations. Business has critical resources and skills that can enhance development, peace, and security, the cornerstones of this enhanced agenda.

The pandemic has shown us how inter-dependent economic, environmental and social outcomes are. It has underlined the need for comprehensive responses that recognise how insecurities are linked. These responses need to include companies and investors as active collaborators rather than just sources of development finance. The opportunities from involving the private sector are not only financial: they include the resourcefulness of companies, their ability to draw on a range of capacities from knowledge, logistics, problem-solving abilities, the power to convene other stakeholders and mobilise collective action, and above all the capacity of many businesses and supply chains to reach down to the smallest and most remote villages, to ensure that sustainable development is accessible to everyone. Thus, business is an indispensable actor in delivering the transformations which lie ahead.

However, the pandemic has also increased the pressures companies face. Setbacks to profitability and disruptions to supply chains are lingering effects of the crisis. At the same time, the pandemic has turned the spotlight on the lack of explicit workplace protections in general, particularly for women and people of colour. The crisis has exacerbated the risks of child labour, forced labour, discrimination in employment and occupation, and disempowerment. Calls for new economic models and for business to embrace conscious or stakeholder capitalism have to recognise the concerns, limitations, and pre-conceptions companies have about taking on responsibility for and increasing their commitments to development and peacebuilding. At the same time, the prospects for prosperity and the future of business will increasingly depend on the health of the planet and the wellbeing of all of humanity. Companies need to take a holistic view of impacts in order to collect and use better data, understand risks and seize future opportunities.

This report takes a realistic look at how business can contribute to meeting the challenges we face in the post-COVID-19 world to give meaning to the Decade for Action and bring about what some call the [Great Reset](#). It highlights how companies and investors can build on what they have already committed to achieving the sustainability agenda yet go one step further. The question addressed by the report is **how the private sector can help deliver sustainable development and stability through incremental, pragmatic, and collaborative actions.**

The transformational shift in mindset and decision-making required by the present – and future- crisis and other challenges can begin with small but firm steps, starting from the ground up.

The following chapters are the result of research by the authors over the past three years, informed by multiple dialogues with companies, policymakers, and NGOs, in specific sectors, across industry and finance and by academic debates regionally and

internationally. They highlight issues where companies can indeed go beyond basic standards of respect for human rights, transparency, and corporate social responsibility; they can adapt strategies and corporate responsibility practices to bring about social innovations in business behaviour that benefit business itself and society at large, through focusing attention on a few fundamental change drivers.

The private sector is many things, not just global companies who dominate the rhetoric about sustainability, profit with purpose, and environmental social and governance (ESG) goals. It includes national brand names, suppliers, mid-sized and family firms, small entrepreneurs, local business associations, advisory firms, professional investors, financial market players, and risk managers. Can this diverse sector meet the shifting expectations of customers, employees, investors, and the wider population? Can businesses work with government, civil society, and communities, despite apparently different perspectives and mindsets? What is the scope to reframe traditional ideas of risk and reward to respect the interests of all these stakeholders?

A challenge for the next decade is to nurture and expand the collective efforts of business, government, and civil society. The imperative is to embed cooperation and collaboration into the organization of business activity and economic governance. We need policy that recognizes the interdependencies between the public and private sectors, civil society, and individuals and institutionalizes and incentivizes positive interactions between them. We need business to shift from operating in silos where the only benchmarks are financial. Furthermore, we need to move away from the dominant modality of competitiveness to working in tandem with other stakeholders and being aware of the needs and capacities across society. It is about turning the current model of inside-out, which looks at the world through the lens of traditional corporate agendas, into outside-in strategies which work with the rich fabric of local societies to create a more sustainable world.

This report sets out how collaboration can work, that it is possible to change behaviour, and it proposes a terrain for positive private sector impacts that narrow the gap between business and society. Our focus is to show how business can transform some of the conditions that the SDGs highlighted, and that the 2020 pandemic has laid bare: the precarity of daily life, particularly in areas affected by crisis and conflict, inequalities and marginalization of minority groups.

We put forward the case for a human security approach to help focus and improve business contributions to sustainability and Build Back agendas. Not because we want to add another concept or slogan to a lexicon that is already brimming with ideas such as stakeholder capitalism, frameworks such as business and human rights, or community engagement strategies. We do so because thinking in terms of human security can help companies and investors create common ground with other stakeholders and build shared systems of resilience. Companies are human systems: they are about people just as communities are. Everyone needs protection from harm and the right to achieve their goals, whether they live in a community, work for a company, or run a business. The idea that everyday life matters, that it is threatened in many different ways, that it makes sense to mitigate risks, and that everyone has a right to be listened to; all of these points are encapsulated in human security.

A lack of human security threatens individual lives and the chances of prosperity and stability across societies, two critical factors for business to flourish. But human security is more than an objective. It is also a practical approach and a methodology for businesses large and small to work with communities in delivering sustainability and prosperity.

This report highlights areas where business can act to achieve positive development outcomes by adopting a human security perspective that supports environmental, social, and governance best practices. We look at issues such as innovation and digital technology, measuring ESG goals, creating much-needed effective and lasting social partnerships locally, and fostering more inclusive economies to accelerate sustainability as a matter of urgency.

Each crisis has its own language. The pandemic vocabulary talks about inequality, vulnerability, and the need for resilience. Rather than taking fiscal rules and corporate profitability as benchmarks, we have started to speak about protecting lives, jobs, education, our planet, our way of life, societies, and ecology.

This report is about speaking the language of the post-COVID world, of making terms such as protection, inclusion, and resilience-building mean something in the next decade. The ideas in this report are intended to stimulate debates about the opportunities for business to co-construct, with government and communities, this world and create possibilities that benefit business and the rest of society alike. ■



Chapter 2

Extending the envelope: re-thinking business attitudes to development and security

Transformative policies that seemed unthinkable before the crisis have suddenly been shown to be possible. There can be no return to where we were before. Instead, citizens and governments must act on the urgency to create a more equal and sustainable world.

Oxfam 2021

The idea of a social contract captures the day-to-day exercise of mutual obligations, often ad hoc and uncoded among family, colleagues, and communities, or the formal provision of goods, services, and protection by the government in return for taxes. The social contract is a good starting point for thinking about who does what, allocation of responsibilities, and obligations are decided between different groups in society. Changing gender roles, technology, new forms of work, and crises undermine traditional conventions on meeting our collective needs. A new social contract or model of governing should be more inclusive, share risks, support and invest in people, and expect more of individuals and organisations in return (Shafik 2021).

Recent crises have shown the level of interdependence between companies, citizens, and governments. The financial crisis of 2008, the coronavirus pandemic, and the climate crisis, indeed the ambitions of the SDG Agenda itself,

The spirit of 2020 is that we want systems that deliver goods and services we care about and market mechanisms are an instrument for delivering that.

Amina Mohammed,
Chair of UN Sustainable
Development Group

have shone a spotlight on the relationship between business and society at large and how business, communities, and governments could reconsider their respective roles and responsibilities, within a new model social contract. For the past 10 years, the business-society relationship has been framed by ideas such as corporate social responsibility (CSR), sustainability, and stakeholder engagement. These ideas take the form of discretionary initiatives by companies to invest in public goods and meet community needs. Moreover, they combine philanthropic and strategic objectives, such as guaranteeing companies' license to operate.

At the same time, the private sector's obligations have become increasingly spoken of in terms of individual rights as demonstrated in the UN Guiding Principles on Business and Human Rights (UNGPs) and the Voluntary Principles on Security and Human Rights (VPSHRs). However, in fragile, conflict and crisis-affected areas, with weak governance, there are severe limitations of international law and soft law in making these obligations to individual and community rights real. Thus, there is often a gap between what companies decide to do and what is required of them. Standards such as the UNGPs, VPSHRs, transparency guidelines, and legislative measures against corruption and modern-day slavery attempt to fill that gap but often lead to contentious and acrimonious relations between business and the rest of society.

The Sustainable Development Goals (SDGs) have opened up a different terrain. They seek to mobilise voluntary, systematic, and sustained contributions by the private sector, alongside government policy and public initiatives. By setting targets and creating milestones, Agenda 2030 addresses deficits in specific areas such as poverty, education, decent work, and the environment while constructing a form of collective global endeavour that is heavily dependent on private sector engagement.

This changes the classic nature of development. States, international organisations, and third sector players in civil society have dominated the financial and knowledge components of aid and intervention in fragile and conflict-affected (FCS) contexts. This is changing not only because of the SDGs but also through new patterns of development assistance that combine private funds and public sector initiatives (Richey and Ponte, 2014). As much as a quarter of assistance of national aid budgets is disbursed through support to private sector activities. The world's largest companies, in particular, provide not only financial resources but also act as norm shapers, influencing trade and commerce practices.

Despite these changes, for most businesses, the idea of taking responsibility for community development still seems far-fetched. The needs of investors and creditors are paramount and still seen as antithetical to providing any form of public good. Profitability

There is clear demand from people, civil society, and governments for business to contribute to a transformative recovery from COVID-19. It is now ever more essential for businesses to embed sustainability principles in their ways of working, set ambitious targets, and act with partners to deliver the 2030 Agenda.

UN Global Compact 2021

matters. While the SDGs offer opportunities for business to engage with development issues and collective social needs, 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 a mainstream way of doing business. There is a significant disconnect between companies ESG strategies and outcomes which produce positive development that benefits people and the environment.

The 2030 Agenda risks being stranded at an elite level for business, government, and civil society, and it remains largely unknown and remote to local operators. To bring about real change in development outcomes and the private sector's contribution to a sustainable future, we need to move the focus from the national level to the subnational level, including cities and communities (Leiva Roesch and Rahmaty 2020).

The challenge to business is to double down on its commitment to the SDGs and ensure this commitment has traction where the real change needs to occur, at the grassroots level. Sustainability means meeting the needs of the present without compromising the ability of future generations to meet their own needs.¹ The term gained currency with development economists and environmental scientists who linked it with initiatives to ensure that economic progress could be maintained, and ecosystems were preserved. Today it encompasses both these types of impacts, but crucially sustainability also means limiting negative impacts and improving outcomes for people and societies. Moreover, as Amartya Sen has remarked: 'Seeing people in terms only of their needs may give us a rather meagre view of humanity.'² The triple dimensions of sustainability can be summed up as 'people, planet and prosperity'. Business has to ensure that its decisions recognize and enhance the future chances of all three. At the same time, standards on business and human rights, transparency, anti-corruption, and corporate social responsibility should be seen as starting points for action, rather than the limits of business strategies, and engagements at the community level. Rather than hoping rhetorical support for sustainability trickles down to the smallest, poorest village, the private sector needs to understand that creating social value strategies that work throughout companies and across sectors is also good for business, that prosperity, people and the planet are inextricably linked.

The pandemic has affected all three. It has also undermined trust in the institutions of society to look after the environment, economy and social needs. The credibility of business leaders has slumped alongside that of government leaders, media, and NGOs. However, at the same time, business, in general, is rated as the most trusted of the four institutions and the one most able to deliver competent solutions in a survey of

1 See: (1987) 'Our Common Future' The Brundtland Report on Environment and Development <https://sustainabledevelopment.un.org/content/documents/5987our-common-future.pdf>.

2 A. Sen (2004) 'Why We Should Preserve the Spotted Owl'. *London Review of Books* Vol 26, 3, 5 February 2004.

33,000 people globally.³ In the face of apparent inaction or failures of action by government, respondents felt that the private sector was the one they would turn to as a source of action and authority. This is particularly true on issues such as information about the pandemic, suggesting that business has a role not only in its traditional areas of providing investment, jobs, and generating income but also in responding where there are gaps in the way society operates. This perception is borne out of research on business roles in post-conflict reconstruction, for example, where the indirect effects of corporate action in providing training to support the employability of former combatants, mentoring, and convening local multi-stakeholder interventions can be as significant as direct action to invest in infrastructure or social programmes (Martin 2020).

The elements essential to any change in strategy include trust-building, engaging effectively at the local level, and creating economies that work for all, including members of vulnerable groups such as women, forcibly displaced persons, the elderly, and the disabled. These elements can be integrated into business actions by re-thinking CSR, reviewing communications policies to include more regional and sub-national contact points, considering how external stakeholders can be brought into designing and validating corporate plans and investments, and reassessing what counts as risk. Above all, there is a need to move beyond binary approaches which over-simplify the role and impact of the private sector (for example as a human rights violator or financier of development), and which position business as ‘outside the box’, rather than an integral part of finding solutions to sustainability alongside government and civil society. Business itself needs to adapt its strategies to allow those holistic conversations to happen.

In this report, we suggest a human security approach: a way for companies to see the challenges ahead starting from the perspective of protecting individuals and unleashing their capacities; working with communities, balancing competitiveness with multi-stakeholder cooperation, and a pooling of resources, and promoting an economy with fewer inequalities, more care and which brings benefits for all.

A new consensus or social contract requires companies and investors to collaborate and cooperate systematically with the public sector and civil society, not only when faced with a crisis. Good faith between diverse parties and a willingness to co-operate need to be created and nurtured systematically to overcome a reticence by many companies. The chapters in this report suggest ways and areas where that systematic reframing of traditional interests and perspectives can take place.

Most companies are unaware of ways to engage in peacebuilding and crisis stabilisation processes or of the different kinds of roles they could play (Iff, Alluri, and Hellmüller, 2012). Despite the global interest created by the SDG agenda in the private sector, companies by and large remain

When the government is absent, people clearly expect business to step in and fill the void, and the high expectations of business to address and solve today’s challenges has never been more apparent. The heightened expectations of business bring CEOs new demands to focus on societal engagement with the same rigor, thoughtfulness, and energy used to deliver on profits.

2021 Edelman
Trust Barometer

³ The survey carried out in Q3 2020 covered 25-64 year olds among ‘informed publics’ in the top 25% of household incomes with a college education.

We believe a reimagined capitalism and a new economic paradigm must place individual, community, and societal well-being at the center, enabling everyone to meaningfully participate in our economy, democracy, and society

Omidayar
Network 2020

detached – often deliberately- from development issues. Core values of protection against harm, the inclusion of marginalised groups, and building the cohesion and resilience of societies are still seen as tasks for governments, international organisations, and NGOs. Where businesses have acted ‘outside the box’ to help dismantle apartheid in South Africa in the 1970s, combat the spread of AIDS, or confront the Ebola pandemic in western Africa in 2014 (Martin 2020: 153-174), it has been because conflict creates costs and additional risks, states are unable or unwilling to preserve peace and stability, and companies are forced to act.

Pressure from investors, consumers, and the media are creating a new set of expectations for companies. Moreover, a post-pandemic social contract will require companies to mainstream what were once exceptional examples of business engagement with social issues. As a result, a new imperative is emerging to go beyond ‘Do-no-harm’ and deploy pro-active strategies that anticipate non-financial risks and seek out possibilities to improve the social environment in which companies operate.

The achievement of the Sustainable Development Goals (SDGs) depends more than ever on the ability of local and regional actors to promote integrated, inclusive, and sustainable development. Localizing the 2030 Agenda is a process to empower local stakeholders and leverage their comparative advantages by mobilizing their specific economic, cultural, social, and creative resources. It is aimed at making sustainable development more responsive and relevant to local needs and aspirations (International Peace Institute 2020).

For business to contribute to localizing Agenda 2030 to work more effectively at the local level, it needs to understand what inclusiveness and accountability mean to the traditional way it operates. Inclusiveness is more than recognising those who are marginalised or left out. It is about how they are invited to take part and are given a voice; it is crucially about how governance systems provide the space for greater participation by citizens, what kinds of dialogues exist between the private sector as a significant power holder in society, and ordinary people. Acts of business philanthropy are not enough to shift the embedded power imbalance and hierarchy that the private sector enjoys. How companies can help spread active decision-making and exercise responsibility will all be part of anchoring sustainable development more securely in local initiatives.

The Covid-19 crisis has seen the emergence of new practices that specifically link corporate initiatives and platforms to responding to the needs of the vulnerable, playing their part in protecting against the consequences of the pandemic. This trend can be distinguished from classic philanthropic and humanitarian actions as systematic attempts to address the nexus of environmental, social, and governance issues. For example, a policy dialogue with major French companies such as Total, Veolia, and Schneider in June 2020, showed a willingness to re-think

economic governance, both inside the company and externally, to reshape how companies work with employees and with other stakeholders⁴.

Many in the private sector see reputational and social capital as critical corporate assets. As a result, there is increasing investor support for companies with clear ESG strategies, that can demonstrate positive engagement in communities where they operate. In chapter 5, we argue that new ways of measuring corporate social impacts are needed and will help to reinforce the trend towards the pursuit of responsible business strategies, embodied in guidelines such as the [UN Guiding Principles on Business and Human Rights](#) and the [UN Principles for Responsible Investment](#).

Reflecting the core of the UN Guiding Principles on Business and Human Rights, the EU Parliament adopted a resolution on 10 March 2021, requesting EU-wide legislation on corporate due diligence and corporate accountability. Called [the European Initiative](#), the EU law would hold companies accountable and liable when they harm – or contribute to harming – human rights, the environment, and good governance. Furthermore, the ‘binding EU due diligence rules would oblige companies to identify, address and remedy aspects of their value chain (all operations, direct or indirect business relations, investment chains) that could or do infringe on human rights (including social, trade union, and labour rights), the environment (contributing to climate change or deforestation, for example) and good governance (such as corruption and bribery). Ahead of the decision to pass binding EU-wide legislation, the [Dutch and German parliaments](#) voted in favour of mandatory human rights due diligence laws.

Sustainable corporate governance has been a central theme of the EU’s sustainability policy since the launch of the [Sustainable Finance Action Plan](#) in 2018. However, despite the momentum for mandatory due diligence mechanisms, it remains to be seen precisely how seriously States and businesses will consider the new binding frameworks should they be enacted.

SMEs are also becoming active in the area of corporate responsibility, as evidenced by new companies and start-ups aiming to create new products and collaborative mechanisms that take ESG commitments into account. Furthermore, the pandemic has seen unexpected collaborations between companies, the State, and civil society based on spontaneous actions, particularly for vulnerable populations. In addition, coalitions of strategic business alliances are being organised with the support of States and major international organisations to accelerate the development of inclusive and responsible governance working to transform business models ([OECD 2020](#)). ■

4 <https://www.lse.ac.uk/ideas/media/news/essec-irene-lse-ideas-seminar;https://www.lse.ac.uk/ideas/Assets/Documents/project-docs/un-at-lse/Spotlight-Establishing-Sustainable-Partnerships.pdf>

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Chapter 3

How human security can enhance business contributions to sustainability and the Decade of Action

The idea of human security, coined by UN development economists nearly 30 years ago, reflects the challenges that underlie the SDG agenda. It is a people-centered view of what it means to be safe and secure. It focuses on the risks people face and what they need to build resilient societies, to protect against harm, disruptions, and violent shocks. Human security puts people – individuals, families, communities – and their daily experiences at the heart of development, peacebuilding, and sustainability. People’s needs for physical safety, material security through decent work or a clean environment, and the dignity that comes with gender equality or inclusion are the core of a sustainable future. In addition, human security’s emphasis on protection, prevention, and empowerment captures the capacities of people, their hopes and creativity, and creates conditions in which human potential can flourish.

Just as economists look at human development, and increasingly indicators of general well-being, as well as GDP, to measure how an economy is doing, scholars and policymakers look to moving the idea of security away from a sole focus on states to what it means to individuals, families and their community. Human security helps in understanding the components and drivers of risk from a personal and community perspective. It aims to assess and address harms that may be exacerbated by events such as disasters and conflict, but are often deeply rooted in the way societies work.

Corporate sustainability starts with a company's value system and a principles-based approach to doing business. This means operating in ways that, at a minimum, meet fundamental responsibilities in the areas of human rights, labour, environment, and anti-corruption. Responsible businesses embody the same values and principles wherever they have a presence and know that good practices in one area do not offset harm in another.

UN Global
Compact 2021

The COVID-19 pandemic has demonstrated the need to address vulnerabilities and create policies and practices that combat poverty, discrimination, and hardship, to build economies of care and protection that work for all. COVID19 is a human security crisis: it attacks our humanity and targets us as a species. It has dimensions in physical and mental health, community cohesion, the economy, and implications for how we live and work. Individual and personal circumstances determine how people are affected by the pandemic, and experiences of the crisis vary within regions, states, and communities.

In May 2020, the UN Development Programme (UNDP) estimated that global human development as a combined measure of health, education, and living standards was on course to decline for the first time in 30 years due to COVID-19. This setback will affect all societies, developed and advanced, and occur across all regions ([UNDP2020](#)). Our human security, as well as human development measures, are in retreat. The spill over effects of the health, education, and economic crisis will be felt particularly in countries with weak governance systems and public services, fuelling competition over scarce resources and civic tensions.

Responses have to be grounded in that personal dimension while mobilising collective capacities and addressing the multiple simultaneous effects of the pandemic. Bottom-up approaches which leverage the know-how and resources of communities have been essential to combatting the virus and getting populations vaccinated, demonstrating the value of community action coupled with government interventions. In addition, the local, people-centered and comprehensive focus of human security and its emphasis on protection and empowerment make it relevant to tackling COVID-19 and other crises and social disruptions from conflicts to climate change.

Business has a vital role to play in addressing fragility and contributing to sustainability through building human security. Whether in the shape of large companies, business associations, individual entrepreneurs, and SMEs, the private sector is an integral part of how individuals and communities experience security and well-being in daily life. Business is also a natural vector through which human security can be delivered via livelihoods, practices that protect the environment, equality of opportunity, and support for strong democratic institutions. As outlined in SDG 17, partnerships between actors from public, private, and civil society sectors to marshal diverse resources are also essential for creating comprehensive and integrated initiatives that can combat threats to human security and build resilience.

In this report, we argue that human security is not an abstract concept but that it can actively inform agendas such as the Decade of Action and Build Back Better campaigns by providing novel and effective responses to immediate crises such as the pandemic, as well as long-term challenges of climate and technological change. Moreover, adopting a human security approach is a way for business to deliver on the ambitions of a sustainable future and define a progressive vision

of corporate responsibility. Human security can help companies target their strategies and contributions to sustainability, guided by principles of protection and empowerment. It can also be the basis for a new type of conversation and partnership across society with actors from communities, government, and civil society, animated by a shared objective of reducing risk, mitigating harms, and creating the conditions for people and business to prosper.

Human security provides a methodology for business to engage with communities' experiences and create strategies that mutualise risk and leverage opportunities for development improvements, business, and investment prospects. Human security's bottom-up, context-specific, comprehensive, and prevention-focused principles provide the pillars for a systems approach that captures both vulnerabilities and strengths at the local level to devise sustainable solutions and suggest avenues for the sharing of responsibilities between business and other actors.

A crisis or failure of human security is never about just one thing. In conflict and fragile settings, the interplay of multiple threats is more visible. However, the COVID pandemic has demonstrated that even the most apparently sophisticated societies harbour deep-seated forms of vulnerability, which require a holistic approach to tackle their diverse causes and drivers. As the UN Trust Fund for Human Security explains, 'where violence is rife, and trust in people and institutions is lacking, development that fails to address the structural and behavioural causes of violence often falls short of preventing a relapse into crisis. The human security approach helps clarify how diverse issues—ranging from deprivation in all its forms to violence and environmental degradation—interact and require comprehensive, context-specific solutions' (UNTFHS 2020:2).

Sustainability is often seen in primarily environmental terms in the context of the climate crisis. The investor community, alongside the UN Global Compact, and organisations such as the Principles for Responsible Investment

(PRI) have been influential in establishing environmental social and governance (ESG) criteria for companies. However, there is widespread acknowledgment that the social dimension of ESG and sustainability is lagging behind the attention paid to environmental issues. (Ruggie 2021). The 'S' in ESG seems harder to define and measure. It encompasses various corporate impacts from health and safety issues to gender parity, the living wage, pensions, insurance, human trafficking, and slavery. What connects these are people. Social sustainability is about addressing risks to individuals and communities so that they can thrive. A human security approach can help deliver social sustainability in several ways.

Firstly, it takes a holistic view of risk, looking not only at individual harms or single impacts by companies but also how people are connected and harms experienced as part of a system of daily life. As Mark Van Dorp and Marcel Smits explain in chapter 5, this has implications for how companies re-think concepts such as materiality and what kind of risks and interventions are relevant to corporate strategies. A human security approach can identify salient risks, which may not be apparent or measurable. They may not be reducible to a category of quasi-legal rights. Human security enables a broader perspective on what potential harms and opportunities there are from corporate impacts. It not only permits a broader horizon of risk assessment but a longitudinal analysis, factoring future needs and expectations into development and investment plans.

This is related to the second way human security can help corporate strategies: it changes the nature of engagement. Engagement is a term often used as a catch-all phrase to describe how companies react to their stakeholders. For groups likely to be affected by corporate operations or investments, stakeholders are usually NGOs, those claiming human rights and seeking redress for abuses or communities with whom business negotiates agreements. Engagement is often directed towards acquiring a social license to operate or Prior Informed

Consent. An alternative is to create an ethos of co-construction and multi-actor inputs. This kind of ongoing deep-seated dialogue makes a human security approach an effective local complement to existing forms of corporate engagement and more likely to reveal the full extent of potential impacts over time of corporate-community interactions.

Although respect for human rights is indispensable for human security, there are essential differences between the two approaches. Dialogues about improving human security can reduce tensions between diverse interests and perspectives, which can be exacerbated by rights negotiations or the bargaining of concessions as part of stakeholder engagement or corporate social responsibility initiatives. A human security approach requires companies to engage systematically, continuously, and over an extended period with other stakeholders to reach common understandings about risks and opportunities. The purpose of this engagement is to identify and enlarge overlapping areas of concern, interest and where there are complementary capacities.

Human security dialogues are about working together and working locally. Context is essential to align corporate operations to specific conditions, threats, and opportunities that exist on the ground. Human security may be a universal objective, in the same way as human rights are a universal obligation but the bottom-up method of human security with strong local participation and decision-making, equitable access, and the involvement of all sections of the population makes it a pragmatic and tailored way of approaching company-community challenges. It enhances sustainability through seeking solutions that work for all parties and are likely to command support and buy-in that reinforce a culture of collaboration. Inherently more flexible than a process of rights-seeking and granting where the contours are fixed in pre-established and codified, often legal, norms, a human security approach enables the actors to adapt to changing conditions and expectations through emphasizing mutual understandings,

contributions based on relative willingness and capacities and mutual accountability for outcomes. The fact that human security appears imprecise as a policy or practice carries the advantage that actions can be tailored to the realities of the participants' situation and cannot be predetermined.

A human security approach recognises differing capacities, needs, and circumstances within society. It provides a way of working that ensures coherence, eliminates duplication, and comes up with solutions that have traction amidst daily life. As a result, it is more likely to gain popular support and produce lasting change. The mechanism of human security partnerships between business and other local stakeholders is designed to foster trust building and ensure long-term co-operation rather than ad hoc engagements. At the same time, partnerships offer the possibility for reciprocal accountability and guarding against the threat of norm violations by companies and investors.

For companies seeking to define ESG strategies, who prefer to limit the extent of corporate responsibility because they are wary of open-ended commitments that make them liable for the provision of public goods and services, and may exceed their perceived capacities, human security is the basis for an informed interaction with other stakeholders. Not only can this new interaction design and allocate actions in order to create positive impacts, but the proactive approach of human security also implies a duty of attention to normative and legal violations and vigilance concerning unintended harms.

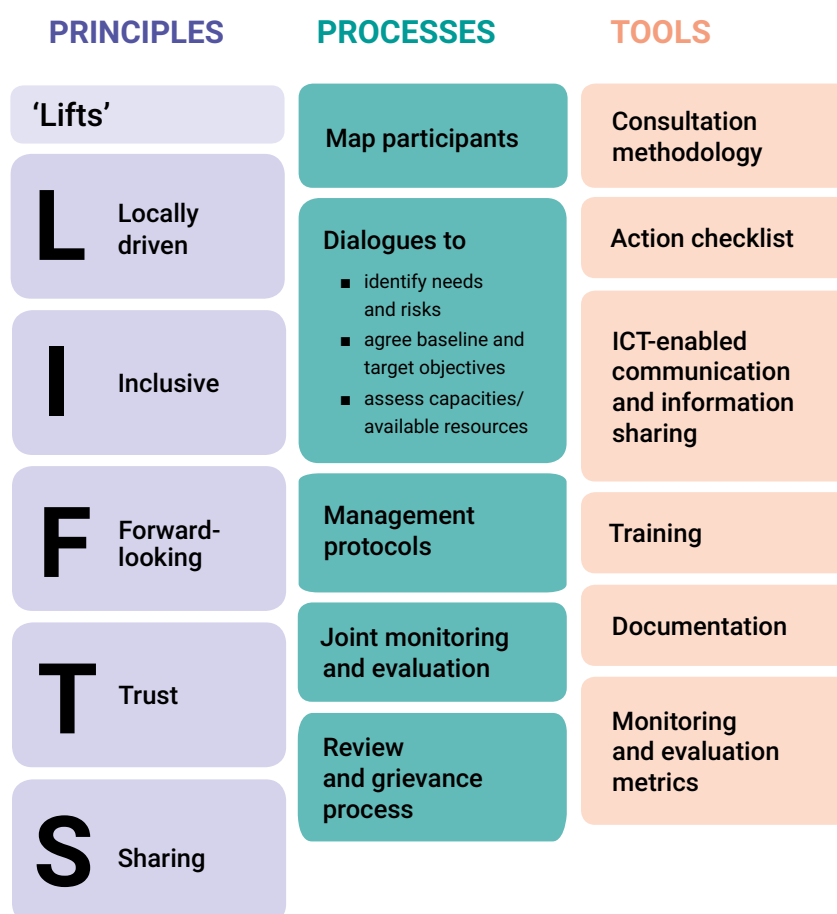
Thirdly, a human security approach has implications for data, information, and performance measurement. These are of increasing interest to investors, media, and employees. Companies face pressure to justify and account for their activities (Champain 2020), and broad-brush top-down measurements and information are no longer sufficient. Instead, the demand is for granular, context-specific qualitative data to illuminate and add depth to quantitative impact measures.

The potential of a human security approach is to answer the question of how companies can adapt existing behaviour to meet the growing expectations of investors, employees, governments, and the public in the wake of the pandemic, and the face of challenges like sustainability, climate change, and a technological revolution. With so many different standards and regulatory initiatives already on the table, and with no desire to reinvent or replace existing approaches, the task for human security is to break down silos and connect behaviour on business and human rights, corporate philanthropy, and social responsibility, business, and peace, by creating a shared language for action and change, rooted in what we need as individuals and communities to survive and flourish in the context of everyday life.

The contribution of a human security approach is that it can provide an idea and methodology that defines common ground to make collective action possible and focusing it on a specific set of harms and opportunities relevant to particular people. In this way, companies can continue to undertake HRDD, observe transparency and anti-corruption requirements and become change-makers for sustainability, moving from ad hoc engagements and 'check-the-box compliance' to involving business in a shared vision with other stakeholders of a future that works for all.

The model of human security business partnerships, developed by the authors of this report, led by LSE IDEAS and supported by the UN Trust Fund for Human Security, is a simple guidance framework that translates the concept of human security into a practical set of

Figure 1. Human Security Business Partnership (HSBP) Framework



principles, processes, and tools that companies can use at the local level. It is intended to structure engagement with other stakeholders by creating long-term dialogues and partnerships to mutualise risks and address shared goals and opportunities. It is a way of going beyond the ambition of Do-No-Harm to imagine pro-active and effective interventions by business. It is a means to define sustainability in social terms, realise the S in ESG goals, and implement a people-centered approach to development and crisis response.

The principles of the Human Security Business Partnership Framework are that action should be locally driven, inclusive, forward-looking, trust-building and transparent, and sharing.

In the next chapter, we look at how this ethos can be combined with partnering to bring about effective and positive contributions by business to current social agendas, complementing and enhancing human rights due diligence, corporate social responsibility, and sustainability. ■

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Chapter 4

Transformative relationships: a new perspective on collaboration and co-construction

It is widely acknowledged that business contributions to broader society can be best achieved through collaborative and multi-stakeholder approaches. Especially with the adoption of the 2030 Agenda, which embraces partnering as a principle that underpins all seventeen SDGs and partnerships as a distinctive goal (SDG 17), multi-stakeholder partnerships (MSPs) are considered an optimal framework for collective action which includes business. However, evidence for such endorsement of MSPs is equivocal (Partnership Exchange Report 2018: 29). How collaboration processes come into play, evolve, and are sustained and how business positions itself within MSP setups remains insufficiently understood. This limited knowledge has constrained the development of comprehensive guidance for prospective stakeholders on how to partner more effectively and harness the private sector's potential.

There are various efforts to operationalise MSPs to support the implementation of the SDGs and develop strategies and guidance tools. Among the most recent ones are the UN-led Partnership Accelerator Agenda, The Partnering Initiative/World Vision Fit for Partnering framework, and the UNDP/UNDESA framework to analyse the quality of stakeholder engagement in the 2030 Agenda implementation and follow up. So far, however, in step with efforts to mainstream MSPs more broadly, most contributions have been disproportionately directed at global development partnerships, the understanding of the conditions that make partnerships effective, and the roles assigned to institutional actors - notably governments and multilateral institutions- in generating

and sustaining MSPs. While the most recent strides in scholarship and policy practice display similar bias, they nevertheless make an essential step forward in that they have begun to turn attention to the partnering process itself. This shift in interest follows the realisation that a lack of partnering competencies is an important- if not the most important- factor responsible for MSPs lacklustre performance in general and in implementing the 2030 Agenda in particular (TPI and World Vision 2020; MacDonald et al. 2019; Fowler and Biekart 2017: 82). For too long, this gap was overlooked by the hyper-charged pro-MSP debates in the global governance circles. MSPs were afforded almost *deus ex machina*-like properties in implementing collective action to advance development and peace objectives irrespective of the mixed evidence from the field. As a result, not only was the MSP record overall unsatisfactory (Pattberg and Widerberg 2014; Freeman et al. 2016), but those which did produce concrete results at the local level with a meaningful contribution by business demonstrated that substantial investment of time, resources, skills development, and genuine local mobilisation were needed to initiate and sustain collaboration between companies and other stakeholders (see for example an in-depth case study of the partnerships with Therma South Inc, in the Philippines: Champain 2020).

A common thread running through the most recent debates concerns the importance of relational dynamics that develops through interactions between business and other actors within a multi-stakeholder setup in initiating and sustaining collaboration. Managing those interactions presents theoretical and practical challenges. An emerging body of scholarship ties it explicitly to building and maintaining constructive mutual relationships among the actors involved in a multi-stakeholder initiative (Eweje 2020; Biekart and Fowler 2018:1706; Esteves and Barcaly 2011:189). This new scholarship which originates in different intellectual traditions, notably multi-stakeholder

network perspective and institutional theory, promises more analytical traction in explaining collaboration and partnering, and hence a sounder foundation to develop comprehensive practical guidance. The following section reflects on some of the critical components of the reworked MSP paradigm.

Culture, knowledge and learning: a new perspective on collaboration and MSPs

From a relational perspective, MSPs are governance arrangements that depend on ‘trust-based collaborations [...] whereby contributing partners actively engage in constructive dialogue, mutually beneficial learning activities and action-driven approaches’ (Eweje et al. 2020). Partnerships are a soft form of institutions that support relational governance, which is anchored in mutuality and co-construction as a basis for collective action towards innovative solutions to problems requiring multidimensional responses. In keeping with the central tenets of the new MSPs paradigm, partnerships are meant to forge multi-stakeholder relations that can support a lasting change in the behaviour and operational practices of all actors involved.⁵ It is proposed that they can do so by enabling sustained and constructive dialogue, building on individual and collective capacities, supporting the co-creation of knowledge, and facilitating mutual learning, which is needed to tackle complex interconnected issues.

This perspective on collaboration and MSPs implies a profound change in companies’ stakeholder engagement approaches in at least three crucial respects. First concerns the time frame for engagement—shifting to a long-time horizon of action that allows for the processes of knowledge exchange and mutual learning to develop and solidify. The second is about making the engagement with the actors at the sites where companies operate central to stakeholder engagement practices.

5 According to Leda Stott (2018/19): ‘transformational change resulting from collaboration may include the development and endorsement of positive rules and norms at the policy level, shifts in individual and organisational behaviours, and the empowerment of vulnerable and marginalised stakeholders’.

This is because partnership impact and business contribution are most directly felt at the local level. As Anne Hirsch-Holland, senior adviser at The Partnering Initiative, argues in her analysis on the lessons learned on responses to Covid-19 through partnerships, the most significant gap in multistakeholder action is at the local level. For scholars and practitioners then a burning question is that of: 'How can we build partnership models and guidance that truly promotes and empowers local actors to take ownership over development solutions?'⁶

The third aspect of re-thinking stakeholder engagement concerns companies being open and having a capacity to broaden the scale and deepen the scope of engagement over time. This is necessary to integrate more issues and key actors with a stake in the partnership action that comes to light through continuous conversation among the prospective partners.

However pivotal the changes to these three dimensions of stakeholder engagement approach may be, their impact is ultimately conditioned by the extent to which they are complemented by improvements in the behavioural qualities that underpin the process of relational governance, namely trust, mutual perceptions, attitudes, and respect. According to a respondent in a recent study of partnerships formed in response to COVID-19, partnerships 'move at the speed of trust' (Fu 2021:10). A required change in emotional and mental predisposition applies to the company level and other interlocutors in the collaborative effort⁷ to address an issue of shared concern. It is a quality that needs to be purposefully and actively curated as an integral part of the stakeholder engagement practice. And it is innately bound

up with the learning process and a learning-induced transformation at the level of discrete partners and across a partnership which enable MSPs to adapt as the collaboration unfolds and ultimately achieve a positive impact on the ground. Indeed, Biekart and Fowler (2018:1704) argue that multi-stakeholder initiatives are best viewed as learning processes in which adaptability and responsiveness constitute a critical competency for their effectiveness. The experience from development programming demonstrates that adaptation of an initiative involving multiple diverse actors is inevitable but that there is no clear-cut path to do it effectively. Adaptability depends as much, if not decisively, on the existence of mutual trust, openness, and respect between the stakeholders to sustain local actors' commitment to working together with companies (Bolling et al. (2020); Green and Guijt (2019). To navigate this process of adaptation, in which new ways of relating and doing things collaboratively take shape, companies have to have a good understanding of local cultural practices,⁸ including cultural customs around leadership and authority, ethnicity, language differences, and so on (Biekart and Fowler 2018:1695; PBA 2016: 14).⁹

While the reconceptualization of MSPs in this direction is ongoing in the relevant scholarship and is yet to lead to potentially improved general practice guidance, evidence has been accumulating of some companies already making adaptations along the aforementioned lines- examples of Cemex (construction material, Mexico), Isagen (energy, Colombia) and Therma South Inc (energy, the Philippines) are illustrative. But this is very much the case of learning-by-doing and adjusting some of the existing stakeholder engagement protocols.

6 COVID-19: Seven lessons we have learnt about the present and future of partnering; available at: <https://thepartneringinitiative.org/pages/general/covid-19-seven-lessons-we-have-learnt-about-the-present-and-future-of-partnering>

7 This important aspect is highlighted in the application of systems leadership thinking in operationalising MSPs for SDG implementation. See: Dreier et al 2019.

8 The concepts of learning partnerships and learning partners have become prominent in the development programming circles where learning- based adaptation is deemed paramount to the success of multi-actor development programmes (Bolling et al 2020:1).

9 PBA (Partnership Broker Association) (2016) The Necessity of Transformation: Emerging Partnership Lessons from Diverse Context; available at: <http://partnershipbrokers.org/w/wp-content/uploads/2010/08/Emerging-Partnership-Lessons->

Transformative stakeholder engagement

If partnering in its basic meaning can be understood as a form of conversation (Cornford et al. (2013); Eweje *ibid*), then the facilitation of constructive dialogue between a company and diverse stakeholders is at the core of transformative stakeholder engagement process that aims to place company-community relations on a new footing. So how can companies make the necessary adjustments towards transformative stakeholder engagement?

Who companies talk with and how, what makes the content of such exchanges, and the grounds on which those decisions are made provides a jumping-off point to re-think and adapt stakeholder engagement approaches. Stakeholder engagement is an integral component of corporate action, featuring particularly prominently within the CSR domain, and it is not uncommon for companies to implement quite elaborate strategies. This is especially the case in extractive industries, which face heightened pressure to secure social licence to operate. For example, in Tanzania, DRC, and South Africa, 'mining companies have all invested in engaging local communities, such as through liaison officers and community forums, and collective discussion of social investment and compensation payments' (Hönke 2018:116-7). Still, those practices stop short of facilitating genuine community participation. For example, the same research shows that in South Africa, where engagement with communities by the platinum mining company involved customary *kgotha kgothe* meetings opened to all local community members, ensuring meaningful community participation was problematic. In particular, this was because such mass gatherings limited participation of different members comprising local community and community oversight, and the use of the technical language of community development excluded many members taking part in the discussion (*ibid*:117).

Practical considerations notwithstanding, shortcomings in stakeholder engagement practices may stem from deeper conceptual problems regarding the role of local communities. MSP debates routinely refer to local communities as the beneficiaries of MSP action or/end as stakeholders, but not as prospective partners in their own right. A survey of 140 individuals acting as facilitators in partnerships to implement the SDGs worldwide, conducted by the Partnering Broker Association (PBA), found that: 'it was notable (and perhaps surprising) that no one mentioned the issue of partnership beneficiaries becoming partners' (PBA 2016: 19). For local actors, the experience of sporadic consultations companies conduct for different purposes can divert discussions away from their key concerns, preventing their repeated involvement with companies (Cuthill 2003: 382). This has a knock-on effect on trust-building since trust develops over time through repeated engagement and acting on commitments.

Typically, companies decide on the relevance and selection of interlocutors according to their priorities— which some analysts refer to as 'acting on the HQ view' (Steurer 2006:57; Biekart and Fowler 2018:1694). Such practices limit the scale and scope of company engagement with other actors, and consequently, the opportunities for mutual learning and co-creation of knowledge for innovative solutions. Setting up an impactful collaboration with companies requires engaging broad diversity of stakeholders on several grounds. Most importantly, this is to enable those different viewpoints and insights on a problem issue the resolution of which requires business

contribution, are expressed and understood. This can be especially challenging in fragile and conflict-affected situations, so that broad-based engagement also serves ‘to mitigate the lack of information, the polarization and the high level of mistrust which usually exist among groups and communities’ (UN 2020: 11)¹⁰.

But identifying stakeholders is neither a straightforward nor it is a one-off exercise. It requires an appropriate process and a methodology to identify the critical actors and voices interested or affected by an MSP action. Application of so-called ‘people first’ methodologies (Bolling et al., 2020; Martin, Bojicic- Dzelilovic and ten Brinke 2018) that facilitate meaningful engagement of local communities and their various constituent parts is instrumental to an inclusive process. This involves conducting joint continuous assessment and mapping, and proactively seeking access to all key constituencies affected by the partnership action. Digital technology offers enormous potential for companies increased access to information and improved communication, and based on this, can encourage participation.

Crucially, structured dialogue between a company and the local community defines the scope of MSP collaboration. When looking from the ground up, the scope of MSP collaboration, or ‘the partnership problem’, may not be self-evident or predetermined as the MSP discourse focusing on global development partnerships leads us to believe. By having a dialogue with diverse groups of actors affected by its operations, a company can grasp local perceptions of its impact on human security outcomes, which helps identify a ‘partnership problem’ meriting collective action. Experience demonstrates that even with a fairly elaborate

stakeholder engagement practice, a distance can exist between business actors and local communities and dissonance regarding their respective interests, agendas, and so on. The structured dialogue helps bring them to the surface. The purposive dialogue also helps companies assess their unique capacities and knowledge that different groups within a local community can contribute to collective efforts. Those capacities tend to be underappreciated or, in the case of the most vulnerable groups, including women, youth, disabled, displaced populations, certain ethnic and religious groups, or populations living in certain locations, are ignored. The oversight stems from a combination of preconceived ideas and inadequate engagement strategies on the company side. And yet, mobilising local capacities is instrumental in fostering local ownership and local commitment to collective action involving companies (Biekart and Fowler 2018)¹¹.

Ensuring that the community is included in a meaningful way goes beyond mapping the stakeholders; it requires inclusive governance practices. Local actors’ genuine participation in decision making and deployment of their capacities in a collective effort can empower them to work in the partnership set up as equal partners while rebalancing the asymmetries of power that favour business actors; the aforementioned experience of Therma South Inc provides an illustrative example of how this can be done. The findings from the research project on Promoting Effective Partnering by the Partnership Broker Association show that ‘all too often local partners (or others not contributing financially) can be overly intimidated by the government or private sectors’ (PBA *ibid*:17). Hence, to facilitate new types of relationships

10 According to Simón Patiño Montoya and Ben Miller (UN 2020:12) in complex environments, ‘there may be great value in simply listening to people’s different stories. They can teach us how people see themselves and others; what divides them and what connects them; how different pieces of a system may fit together; and even how some people may be manipulating stories to achieve certain goals.

11 Biekart and Fowler draw attention to a glaring lack of knowledge on ownership issue in the context of locally initiated multistakeholder initiatives. They make a distinction between two types of ownership: governments (narrow) and societal (broad) notion of ownership. They define the latter as ‘characterised by a distribution of commitment and responsibility, the co-allocation of private resources, joint rule-making processes and exercise of power by a range of stakeholders in voluntary association for a common purpose’. (Biekart and Fowler 2018: 1692-93).

between business and communities affected by its action, it is paramount for a company to address power imbalance through capacity building, learning, and providing access to grievance mechanisms.

Other actors whose contribution is required in some form, including other business actors, governments, civil society, international actors, academia, and so on, are also parties to this conversation. Because knowledge is dispersed among the diverse stakeholders making up an MSP, having a continuous multi-actor structured dialogue at the core of which is constructive company-community interaction establishes a pathway to develop a shared understanding of the problems. Through this process, it is possible to arrive at the common ground for action and create a shared knowledge base that serves to identify opportunities for collective action in pursuing innovative solutions that utilise synergies created from the involvement of diverse actors.

The role of facilitators, including where necessary expert mediation, is instrumental. It is important their involvement is grounded in an ethic and deontology that uphold the principles of independence, impartiality and confidentiality, which in turn contributes to the confidence in the process by thwarting power asymmetries and allowing each of the parties to express themselves freely.

Conclusion

In its comprehensive research of partnerships across the globe, the Partnership Broker Association asks a question that goes at the heart of the current efforts to make MSPs fit for purpose in delivering on the 2030 Agenda objectives: 'What might it take for SDG partnerships to be context-sensitive, confidently 'owned' by the partners and simultaneously flexible, responsive, focused and practical enough to be able to transform our world'? The short answer is that we need partnerships that have responsibility embedded in them and help partners take responsibility. The recent calls to strengthen MSPs for the

implementation of the SDGs, and more broadly, the ambition to foster business contribution to development, peace, and stability through transformative partnerships, are guided by the notion of 'people-centred partnerships' (Haywood 2019). A shift in the focus of action to the grassroots level represents a departure from earlier top-down efforts to catalyse global development partnerships for change which placed national governments in the driving seat (Szetey et al. 2021). The prospect of 'people-centred partnerships' genuinely taking hold through company stakeholder engagement is premised on companies being able to have a meaningful conversation with local communities affected by corporate decisions, such that it can facilitate learning, trust-building, and empowered action (PBA 2016). The people involved are crucial to the prospect of healthy and impactful partnerships. In the words of the Partnership Broker Association, [...] 'people make partnerships,' and it is the constant, ongoing (and sometimes relentless) interplay between people and their contexts that can make or break collaborative efforts and, at their best, create the conditions for genuine transformation' (PBA *ibid*:28). Therefore, for companies, opening meaningful stakeholder engagement with communities is a significant step in working towards such collaboration. In reality, this process is fraught with challenges, particularly in situations where there is a history of conflictual relations between company and community and in fragile and conflict-affected environments saddled by weak governance, and it requires skills of a dedicated facilitator.

To mobilise and catalyse engagement of diverse stakeholders and get the conversation going, it also takes the leadership with the right combination of knowledge, skills, and mindset. Such leadership can come from the ranks of any of the prospective stakeholders. The concept of systems leadership (Dreier et al. 2019) that has gained traction within the UN system and global platforms such as the World Economic Forum provides guidance on the leadership qualities required to transform complex systems such as energy, food, and health. Although it is

geared towards global MSP initiatives and their stakeholders, systems leadership identifies the type of leadership skills and the processes of collaborative action for leading systems change that can be usefully adapted to inform stakeholder engagement by companies at the local level in dealing with interconnected nature of threats and risks communities and companies face. Collaborative leadership skills (e.g. sharing responsibility through delegation, empowerment etc.) may be a crucial missing ingredient in the partnering skills mix that catalyses a lasting change in the behaviour and operational practices of those involved. It can be instrumental in making the transformative stakeholder engagement described in broad strokes above become a part of standard business operating practices, enabling companies to contribute more effectively in collaborative efforts to improve development, peace, and stability.

In summary, it is essential to underscore that there is no blueprint for how a company can be an effective partner to the multi-stakeholder initiative. None of the reworked MSP paradigm elements centred on the relational dynamics among multiple stakeholders is either self-evident or self-actuating. Instead, they depend on the nature of the interaction between a company and other stakeholders in the local contexts in which companies work. Only by understanding and fully engaging with those contexts, a new type of relationships and business practices outlined in the new MSP paradigm may become possible. ■

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Chapter 5

Applying human security and positive peace for social impact measurement of business in fragile and conflict-affected settings

In this chapter, a new way to measure the social impact of businesses operating in Fragile and Conflict-affected Settings (FCS) is presented, using the concepts of Human Security (HS) and Positive Peace (PP). The chapter shows how this approach enables companies to measure Environmental, Social, and Governance (ESG) impact locally and translate these impact measurements into contributions to the Sustainable Development Goals (SDGs). Integrating the human security approach in ESG measurement systems can help make corporate SDG strategies risk responsive, potentially creating positive impacts on multiple fronts to implement the SDGs in detailed and meaningful ways while supporting local development, peace, and stability. Better community engagement can generate an expansion of ESG criteria that are focused on localized human security risks. Finally, human security can bring interrelated material ESG issues under one umbrella with indicators covering sustainable development, security, and human rights dimensions from a measurement angle.¹²

12 The ideas presented in this chapter are described in more detail in a 2020 discussion paper (van Dorp and Smits 2020 a) and policy brief (van Dorp and Smits 2020 b), written at the request of LSE IDEAS. Furthermore, the topics raised were also discussed during a series of webinars held in late 2020. In light of the current crisis caused by the COVID 19 pandemic, the approach may also serve to guide private sector actors in their efforts to build back better and make sustainable changes in their business strategies and operating models towards greater resilience and inclusion.

Challenges of social impact measurement

Over the last decades, there have been increasing public expectations for business actors to contribute positively to ESG outcomes. Under pressure from investors to create more company value, demands for measuring, tracking, and reporting on business contributions to the SDGs have been growing. This implies that companies with good reputations need to go beyond current due diligence processes and ‘do-no-harm’ approaches and start to bring their human rights, security, and sustainable development policies and practices under one impact assessment umbrella. Yet many of the improvements proposed in terms of ESG reporting and impact management reproduce current systemic failings which include a failure to price in negative externalities, and the fact that markets heavily discount future cash flows, such that impacts on future generations are in effect ignored.

Organisations’ social and environmental costs are not sufficiently internalized so that they matter to corporate profit and loss statements and generate price signals that promote fully sustainable economic development. A narrow focus on financial value and assessing impacts through a financial materiality lens tends to under-estimate future financial risks and fails to identify future financial opportunities. Current paradigms filter out important information that could improve decision-making. By not taking a holistic view of all impacts and the outcomes that matter to the people and planet experiencing them, opportunities are missed to collect relevant data that provides insights into opportunities that might increase both financial returns and wellbeing for stakeholders.

ESG and better enterprise value reporting on their own are not sufficient to mitigate these failings. The information generated will not divert investment flows towards activities that contribute to sustainability (where sustainability includes making financial returns) and achievement of the SDGs at the

rate required because assessing ESG through an enterprise value or financial materiality lens is not equivalent to assessing impacts on people and planet. Even if both perspectives identify the same issues, these issues will not be ascribed the same value, so the decisions and what is reported will not be the same. The risks to investors will also be different to the risks faced by those experiencing the impacts and consequences of managers’ decisions. Moreover, the information currently collected tends to focus on outputs or proxy measures and needs to evolve to reflect impacts on wellbeing of people and planet.

To achieve the SDGs and to put the world on a more sustainable and equitable path, we need to bring economic, social, and environmental impacts on people and the planet into the net of the primary economic system. For example, UNDP has developed the SDG Impact Standards which aim to achieve a new way of doing business and investing that puts impact at its core – filling the gaps in current practices that are undermining progress towards the SDGs moving from SDG alignment to SDG action, from *measuring* impact to *managing* impact, and from thinking about the SDGs and impact as an add-on to what business gets done to how all business gets done. Organisations that adopt the standards will be in a better position to meet the growing and various sustainability reporting and disclosure requirements and expectations of governments, regulators, investors, and other stakeholders.

Moreover, while many companies already have social and environmental impact strategies and sustainability and ESG reporting policies at their disposal, they struggle to address complex and dynamic situations in fragile and conflict affected settings (FCS). Experience shows that regulatory compliance with existing international standards is necessary but often insufficient because it fails to mitigate the adverse impacts of corporate activities on local communities or provide an adequate mechanism for effective accountability. With many companies already grappling to meet today’s abundance of standards, the challenge

will be to (1) reduce complexity and tie sustainable development, security, and human rights together; and (2) assess multidimensional risks in fragile and conflict-affected situations and identify measurements that demonstrate the extent of the materiality of these risks to the business.

As part of measuring the “S” standards in ESG – which has proven to be more nebulous than the “E” – many companies rely on internal business indices on human rights or environmental risks. Companies can map these data points against their knowledge of operational or supply chain activities gathered to identify positive or negative impacts. Here, there is a disconnect between local impact metrics and a common KPI tracked at the company’s national and global levels. Therefore, the challenge is to seek a balance between standardised metrics and locally specific impact assessments in FCS. However, such efforts are hindered by a lack of availability and reliability of local data or value-laden assumptions that the data bring and the rapidly changing contexts of FCS where risks and material impact carry particular definitions and meaning. Hence the need for collecting more on the ground data on the socio-economic dynamics in relation to conflict and security in FCS, particularly in connection to vulnerable groups that are impacted by the presence of or business activities.

The need to align the interests of companies, investors, and communities in FCS to better contribute to peace and development

With more emphasis on ESG performance and greater demands to change corporate conduct, new thresholds for defining the material issues to business will be necessary. The focus, however, needs to move away from company risk to the collective challenges faced by both companies and communities to seek shared value and benefits in the form of HS risk reductions and positive SDG contributions. To identify those opportunities and risks relevant to all company stakeholders, including local

populations, and to track multidimensional ESG impact, it is suggested that human rights, peace and security, and sustainable development need to be linked and assessed through more local stakeholder consultations.

Partly driven by past company experiences, including (fear of) shutdowns and demands from investors, more community engagement and third-party audits are emerging. In particular, community consultations are valuable to identify the salient social issues as part of the company’s risk assessment process. It is a way to track local material issues that are more ‘hidden’ and do not present themselves in top-down frameworks used by companies (e.g., deep-rooted inequalities, infectious diseases, political repression, or group-based tensions). Such efforts can identify and enlarge areas of overlapping concern and interest between investors, companies, and communities that are locally grounded and bottom-up.

The value-added of Human Security and Human Security Business Partnerships in social impact measurement

Human Security (HS) takes a holistic approach to address multidimensional shared risks that clarify how diverse issues — ranging from deprivation in all its forms to violence and environmental degradation — interact and require comprehensive, context-specific solutions. This way, it highlights underlying problems that need to be addressed to mitigate human rights violations. Regarding the SDGs, HS informs how actions by companies on the SDGs can be risk responsive, potentially creating positive impacts on multiple fronts that help unpack the SDGs and identifies where sustainability can be ‘located’ and stimulated. From a measurement angle, HS can bring interrelated material ESG issues under one umbrella with indicators covering sustainable development, security, and human rights dimensions (see Table 1).

Table 1. Human Security Risks mapped against ESG factors and the SDGs (Figure by authors)

Dimension of Human Security	Examples of risks to security	ESG classification	SDG classification
Economic	Poverty, unemployment, corruption, lack of access to land, water, electricity, credit, or education	Governance and Social	SDG 1, 4, 7, 8, 9, 11, 16 and 17
Food	Hunger, famine	Social	SDG 2
Health	Infectious diseases, malnutrition, lack of access to health care	Social	SDG 3, 6
Environmental	Environmental degradation, resource depletion, safe drinking water, and natural disasters, including drought or floods.	Environmental	SDG 6, 12, 13, 14, and 15
Personal	Physical (domestic) violence, crime, terrorism, child/forced labour, injustices	Social	SDG 5, 8 and 16
Community/group	Inter-ethnic, identity-based 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	Governance and Social	SDG 10 and 16

Rather than pre-selecting SDGs based on a general alignment with a company's core business as is the case today, HS emphasizes 'local' risks to be the starting point in impact measurement, so any SDG contributions identified can be directly connected to a tangible improvement in people's well-being.

The aim of the Human Security Business Partnership (HSBP) Framework is to re-set the relationship between companies and communities and direct their combined efforts to improve HS from the ground up. The partnership provides an essential governance mechanism through which a mutual effort between company and community can determine key ESG risk factors, clarify their materiality and assess social impact.

Creating a new way to link materiality, responsibility, and evaluation by combining Human Security with Positive Peace

Corporate responsibility is currently defined by existing guidelines and standards, broken down by their materiality to the business. However, from an HS perspective, the contentious issue of corporate responsibility becomes a more nuanced notion driven by localized factors that consider the strong relationship between local materiality and corporate social responsibility, especially in FCS. In other words, by assessing local materiality, clearer boundaries for corporate social responsibility would automatically emerge.

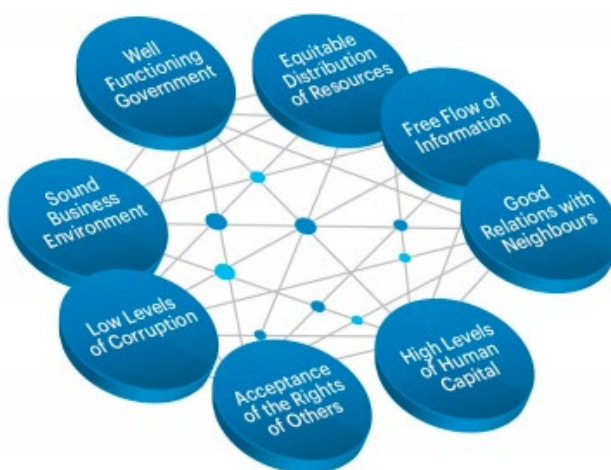


Figure 2: The eight Positive Peace pillars (Source: Institute for Economics & Peace (2019)

Positive Peace Report 2019: Analysing the Factors that Sustain Peace

HS informs a local bottom-up materiality analysis from the operational level to headquarters and reveals key local risks with potentially high impact for businesses and communities, which would typically be missed. By placing local populations at the centre of ESG risk management processes, a local-oriented and locally-driven approach also reduces any tension between risks, standards, and impact.

The effects of ESG risk response actions taken by an HSBP to address HS impacts that have been prioritized would benefit from the concept of Positive Peace as outlined by the Institute for Economics & Peace. Positive Peace pillars (see Figure 2) work as a system that can be applied at the national, subnational, and local levels to measure the background conditions of HS and track the impact of risk responses taken over time. Positive Peace does not explicitly set out what interventions should be done in a particular context, but it offers guidance for evaluating actions taken within the interconnected pillars. The more pillars that are addressed, the more HS guarantees and ESG risk reductions they generate.

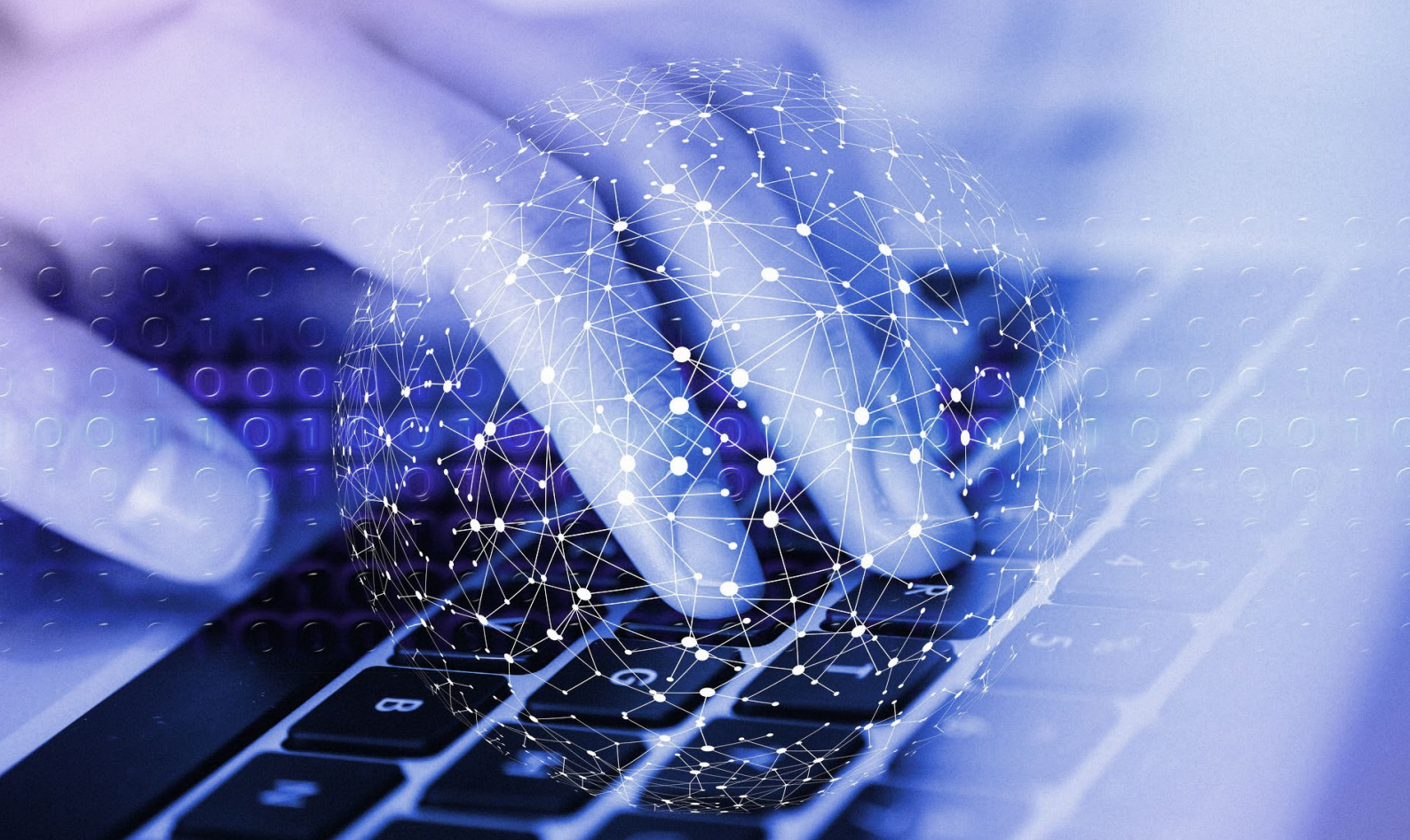
The combined Human Security and Positive Peace approach can measure companies' local contributions to the SDGs and determine the materiality of multidimensional ESG issues that can define corporate social responsibility and

assess impact. This requires an ongoing process that can lead to more proactive, coherent business strategies and better implementation of current standards. The ultimate aim is to set an improved ESG standard that can demonstrate positive business contributions to the SDGs while strengthening Human Security for people and their communities. It is expected that by doing so, ESG standards will become far more relevant, especially in FCS.

The ideas presented in this chapter form a critical steppingstone in further developing the Human Security Business Partnership framework. They are also relevant to standard-setting organizations, such as the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB), and ESG rating agencies. For these actors, the approach leads to more complete identification of materiality, and a holistic and more accountable approach regarding the reporting of corporate impacts on the economy, the environment, and society, i.e., the overall implications for people at the local level. A dialogue that includes these standard-setting organisations aims to generate improved ESG standards. The goal is to make use of human security and positive peace to come up with an ESG+ standard which would then become widely adopted in the sustainability reporting arena.

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Chapter 6

Bridging the digital divide: examples and practices for improving human security through technology

Technology can play a significant role in rethinking relationships between business and communities in fragile and conflict settings (FCS) and sustaining successful multi-stakeholder collaborations. This chapter examines how digital technology tools and business practices around the use of information technology can enhance human security, avoid potential harms, and transform development.

Technology is a cross-cutting issue. It can help business to engage locally, address inequalities and improve access and participation by local populations. Governments increasingly use it to catalyse development, including addressing the effects of the [corona virus pandemic](#). Yet, technology can also have severe negative impacts on human rights and individuals' wellbeing. Applying a human security approach, focusing on preventing and reducing threats to daily life, and working with the fabric of local societies, can assist all business sectors, where there are increasing levels of digitization of products and services, to unleash the transformative potential of technology.

Compared to other sectors, for companies in the tech sector, additional challenges arise because they are often located far from their users' communities and do business on a global scale. The largest and most influential tech companies do not usually operate in the countries where many of their users and customers are based. They are often owned, operated, and staffed by employees that are physically, linguistically, and culturally distant. They have established company cultures and protocols that rarely consider the complexities of doing business in FCS.

Because technology impacts communities and societies in fundamental ways, influencing the way we think, act, speak with others, and live our lives, it carries risks that require business to do more than basic human rights due diligence and compliance. Taking a holistic and inclusive approach to addressing the dangers of technology in fragile settings can reveal connections and benefits of technology products and services that support peace and improve human security. The chapter offers suggestions for how tech companies and other businesses can consider the specifics of both ICT products and services and the technology sector to create proactive interventions that follow human security principles of bottom-up, inclusivity, protection, prevention, and empowerment.

A human security approach to realizing the benefits of technology in FCS

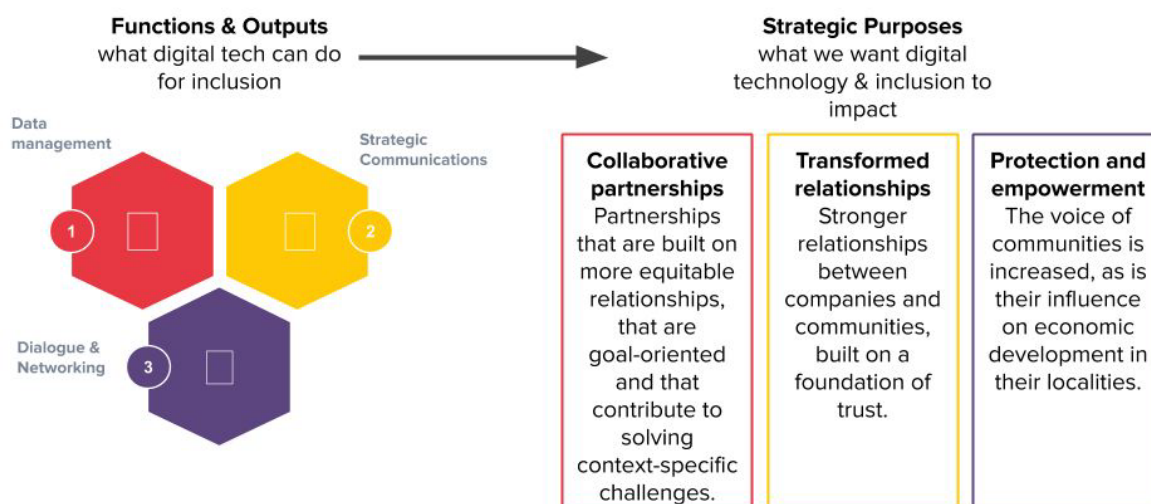
A human security approach is premised on effective engagement with the reality of people's lives and on creating business/community partnerships that can positively change the risk and opportunity profile of day-to-day living. This type of engagement and the use of technology to create positive transformations depends on a deep context-specific understanding of how and why different technologies are used and by whom.

Technologies change quickly—as do their uses. Understanding the function of technologies in each context and how local actors use them is essential. People living in rural communities may access and use technology differently than their urban counterparts. Customers, users, and third parties can alter, limit, or expand one company's technology into something unintended or unexpected by the original creator. Some factors, such as adapting (or not) a user experience, business model, product, or system to specific contexts, may influence whether that technology contributes to harm or achieves a positive impact. Understanding the ecosystem of technology functions and users is essential for knowing how technology will be received and applied and its consequences and lay the groundwork for partnerships to mitigate harm and bolster benefits.

The figure below illustrates three functions of technology in fragile settings: data management, dialogue, networking, and strategic communications. These functions map directly onto the potential of technology for company-community partnerships and for implementing a human security approach.

Across all three functions, a core value of technology is in promoting greater and more meaningful inclusion, not only as an end but also as a contributor to legitimacy (sometimes referred to by business as a licence to operate),

Figure 3. How Digital Technology Enhances Human Security



empowerment, or resilience building, transformed community relations and risk mitigation. In short, the aim of applying digital technology should be to arrive at processes and interventions that provide for greater participation and buy-in by local populations, including minority groups, lower levels of risk for both business and community actors, and better relations between them. Below, we cite examples of how civil society organisations have used technology in settings where the challenge has been building peace and social cohesion. Adapting these experiences to the ambition of the SDGs and resilient societies is how business can create positive impacts at the local level and new types of engagement with communities, particularly in fragile settings.

Data management

Digital technology provides valuable opportunities for data management, precisely when it comes to collecting, analyzing, and visualizing information. Common tools include SMS / app-based / online surveys, crowdsourcing, digital mapping, data mining, interactive dashboards, and visualisation platforms.

Across this function, technology plays a vital role in breaking down an often-opaque process and can serve to overcome a tendency for data work to be extractive. Too often, information is gathered from a fragile community without feeding information back, resulting in a lack of transparency, at times contributing to further community frustration. While technology

provides obvious avenues to ease data collection, its strategic value for sustainable development lies in its ability to increase the meaningful inclusion of communities throughout the data management process, thus contributing to collaborative partnerships, transformed relationships, and empowerment. Its implication for a human security approach is to gather, analyse and visualise data development and security in new ways, involving new or different actors.

Tools such as the data visualisation platform in Burundi (see box) can have an equalising effect, mitigating power imbalances that hinder meaningful partnerships between companies and local people.

Strategic communications

Technology plays a vital role in creating and disseminating stories, narratives, and information - all variations of strategic communications. In peacebuilding, we have seen technology used to develop new or different stories about peace, enable stories and information to reach more and different people, and share alternative narratives about conflict. In addition, technology has been used to bring more people into societal conversations about peace. We have seen various technology tools deployed for strategic communications, including social media platforms, SMS, messaging apps, virtual reality, augmented reality, digital games, film, and radio. The implications for business in contributing to peace and sustainable development are

Using data management in Burundi to improve relations with young people

Gacukuzi is a data visualisation platform in Burundi that improves access to information collected at the community level, enabling those with no data background to analyse large amounts of data through simple filters and visualisation options. CENAP, a Burundian NGO, uses this platform to share the results of its nationwide survey on youth perceptions of the future. They host workshops with young people and government representatives. The two groups collectively analyse the data, discussing which data is essential, the reasons behind the findings, and relevant responses for the future. In doing so, they share the data widely and bridge the gap between youth and policymakers *through the process of analysis*.

Helping to improve inclusion in Sudan

A participatory video project on the Sudan - South Sudan border brought together a group that was 50% Sudanese and 50% South Sudanese to make short documentaries about life on the border. The group had no prior experience of making films, but through participatory video, they developed the skills to plan and shoot a film independently. The films were later screened along the border, and the group facilitated discussions with the community. As a result, a group of previously marginalised individuals could compellingly tell their story, reaching a new audience.

to engage more or different people in conversations and stories that express opinions, help companies, and communities better communicate, and create empathy between diverse actors.

Strategic communications have been used to shape the narrative around particular issues and, in doing so reframing the relationship between communities and authorities. For example, the #BringBackOurGirls social media campaign in Nigeria, formed after the 2014 abduction of 200 girls by Boko Haram, played a unique role in the discourse, arguably forging a new relationship between the community and authorities. Led by women using Twitter and Facebook together with regular offline demonstrations, the campaign succeeded in gaining the attention of both the Nigerian government and the international community. Doing so pressured a government that had previously been seen as complacent by the community to act. Uniquely, the campaign enabled women who had not previously been involved in government advocacy to take centre stage in sharing their stories.

Strategic communications can be instrumental in rethinking the dynamics of relationships between companies and communities. By inviting different [voices from local communities](#), strategic communications tools can address trust deficits between parties– addressing the imbalance of power inherent in many corporate communication methods such as community consultations.

Dialogue and networking

Technology can help create new spaces for people to connect, providing opportunities for dialogue and networking that are not possible offline. Tools such as video calls, digital games, discussion forums, virtual reality, and social media platforms are commonly used for such initiatives, enabling communities to come together to engage in dialogue and debate. In peacebuilding, we have seen such initiatives connect communities at the grassroots, connect citizens with authorities, and support dialogue at scale. In addition, technology has helped overcome physical barriers to connection and provided new avenues to build trust between parties to the conversation.

Even where dialogue mechanisms are in place, such as community consultations or partnership agreements, they often fail to result in broad-based and meaningful participation or to build the trust they are designed to support. In such cases, technology can provide novel avenues for enriching dialogue.

During the Ebola outbreak in Liberia, companies came together with a wide range of stakeholders to engage in technology-enabled dialogue through the Ebola Private Sector Mobilisation Group (EPSMG). Established in August 2014, the group brought together a coalition of over 100 companies and 50 public bodies and NGOs through teleconferencing calls. Initially designed to support information sharing in response to the Ebola outbreak, the EPSMG evolved to support a broader humanitarian response and to galvanise international support for the outbreak. Although not explicitly designed to build relationships between companies and communities, the visible leadership of private sector companies in the Ebola response 'helped to strengthen relationships and increased positive perception of [ArcelorMittal, who led the initiative] among stakeholders.' In addition, this online process enabled broader participation in the group by companies across diverse sectors, supporting its legitimacy (Martin 2019:153).

Creating or enlarging spaces locally where people can connect, where their views can be heard and acted upon, helps to mobilise capacities and resources often hidden through conventional means of association and communication. This, in turn, allows business to be part of fomenting collective action to address both risks and opportunities within communities.

Risks and challenges

Technology is not an automatic avenue to increase inclusion, build trust and solve long-standing challenges, nor is it necessarily neutral to a context. On the contrary, the introduction of digital technologies can exacerbate inherent difficulties in fragile and conflict contexts. Table 2 sets out how these challenges need to be considered in interactions between business and communities.

Creative dialogues with communities through technology

#Games for Peace is an initiative that uses computer games to build trust between youth from Israel, Palestine, and the Middle East. The initiative aims to build common ground and counter negative stereotypes through popular games that encourage collaboration, such as Minecraft.

#[The Donbass Dialogue](#) (DD), created in April 2015 in the Eastern Part of Ukraine, seeks to connect members of the so-called government-controlled areas, the non-government-controlled areas, and Russian citizens. The initiative uses a combination of online dialogues and offline elements. Participants can join the Dialogue by using an online video conferencing platform that uses peer-to-peer technology (WebRTC), allowing anonymous connection without prior authorization. This creates a 'safe space' for all dialogue participants, wherever they may be physically located.

#Nuestro Desarrollo, a Colombian initiative created by [Policentrico](#), provides an exciting example of the role of technology in shifting the relationship between citizens and authorities. A game that enables players to manage the municipal budget and divide funds between local projects of their choice serves to start a dialogue around the participatory budgeting process built into Colombia's peace agreement. Prior to Policentrico's initiative, the participatory budgeting process was not considered legitimate by many in the community, and levels of engagement in the deliberation or voting process were subsequently low. As a result, community participation was not deep and meaningful despite mechanisms for involvement being in place. The game serves to increase trust in the participatory budgeting process and deepen understanding of the issues at stake, creating a dialogue between communities and authorities.

Table 2. How challenges need to be considered in interactions between business and communities

Core challenge	Implication for company-community relationships
Relationships and trust	People are often sceptical of new technologies or fearful of where mistrust exists between companies and communities, technology could exacerbate suspicions how their data will be used.
Governance and political space management	Technology challenges traditional power dynamics within communities and can sometimes threaten authorities and shift power dynamics with communities. Companies and communities can feel vulnerable to increased criticism.
Participation and ownership	Often access to technology reflects existing access challenges (e.g., gender disparity), meaning that the use of technology designed to be inclusive can exacerbate existing divisions around connectivity, access, and literacy initiatives designed to reach more members of the community may exclude certain members while claiming to be universal in their reach - e.g., women may not have access to technology.
Unintended consequences: e.g., an application designed for one thing is used for something else	Trust building and digital development initiatives can backfire.
Safety and security	Online anonymity is difficult to achieve; users often lack full awareness of digital risks. In FCS, online surveillance is likely to be a factor.
Privacy and consent	Visibility arising from technology's introduction can create unexpected exposure to criticism for both community and business stakeholders.
Managing expectations	When introducing a technology tool, companies have to manage carefully rapid rises in expectations.

A Systemic Framework is needed to translate technology Into improved human security

The challenges outlined above suggest some of the pitfalls associated with using technology in fragile settings. One way to ensure that digital technologies contribute to improved sustainability and resilience is for the private sector to design, market, and apply products and services as part of trust and collaboration initiatives with local stakeholders and end-users. Partnerships for digitization would aim to put products and services at the centre of a locally driven systemic approach that simultaneously identifies and addresses digital developments' benefits and adverse consequences.

We lay out several recommendations for building such multi-actor alliances and collaborations:

- **Companies need to initiate dialogue with communities and civil society in FCS at all stages of the technology lifecycle**—including design, development, and deployment. This can help prevent unintended negative risks and promote and support the benefits of technology in FCS, rather than the current engagement focus of containing or mitigating harms already experienced.
- **Companies need to conduct community-based co-design and impact assessments.** Companies should consider community-based human rights due diligence projects to understand how to co-create projects in ways that work for people in FCS. Being consulted at all stages of technology design, development, and deployment can provide opportunities for meaningful input. They should consider how digital innovation can be part of local authority and national development plans, involving government resources, where relevant.
- **Companies need to enhance and build the capacity of internal teams to facilitate engagement.** For example, transnational companies (TNCs), specifically in the tech sector, should improve internal communications and connections with regional operations teams, giving locally- or regionally based employees more leverage to effect relevant policy and practice changes. In addition, internal capacity building on community engagement would help support constructive, inclusive partnerships.
- **Companies need to improve transparency.** Establishing and articulating a company's values and approaches to human rights and conflict from the highest levels within the company can help make it clear to customers, users, civil society, and other stakeholders the company's stance on sensitive issues and how they can expect a company to respond to their needs and requests. Transparency can also help establish equitable partnerships.
- **Civil society and international organizations need to develop overarching guidance for all internet and digital technology companies, regardless of location, stage, or product/service.** Many current efforts to mitigate the harms of technology focus on specific product offerings or particular technologies, such as social media platforms or artificial intelligence. Different technology products, services, and diverse industry segments present distinct challenges, and individual companies and contexts will require bespoke engagement strategies. However, general policies (from national governments and regional regulators) can be helpful across industry segments and the broad networks of stakeholders in this field.
- **All stakeholders need to develop a multi-stakeholder process to address these issues.** To date, no multi-stakeholder process exists for the tech industry related to the need for local, context-specific approaches to doing business in FCS. As a result, efforts have been ad hoc. Many civil society organizations and communities are left out of conversations about changes they want to see in the technologies that profoundly influence their security. Those who engage with companies address multiple entry points for changing business strategies, such as business and human rights, conflict sensitivity, responsible data, privacy, ethics, transparency, fair taxation, and sustainability. While each issue is independently essential, the lack of an integrated approach means that initiatives risk drowning each other out.

Conclusion

Understanding the distinctive nature of the role of technology in fragile settings and the tech industry itself is the first step to making technology a driver of more sustainable and impactful contributions by business to peaceful development. Recognizing and acting on the potential harms and the opportunities of digitization, from communications to infrastructure and other products and services, requires meaningful and ongoing engagement between business and other stakeholders at the local level, and not just through elite interactions between government regulators and management boards. Partnerships and structured collaborations, however informal, can be the anchor for building positive uses of technology, grounded in the diverse ways in which local communities use and experience ICT and their actual capacities to do so. Human security can help to strengthen this interactive and systemic approach by business. It can identify the objectives for digital development by defining the risks and aspirations of tech users in a specific local context. A human security approach can also guide how to deploy tech tools, whether for commercial purposes or peacebuilding and development, by respecting its protection, prevention, and empowerment principles and adopting participatory and transparent communication processes to ensure that digital transformation becomes an engine for inclusion and sustainability. ■

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Chapter 7

Covering the last mile: understanding local context in Impact Investing

In a 2020 article, the World Bank explored the future economic consequences of COVID-19 and its impact on emerging markets. Despite large contractions including an expected 7.2% decline in the Latin American economy for example, [a survey by The Global Impact Investing Network \(GIIN\)](#) found that nearly three-quarters of investors plan to maintain or increase their allocations in emerging markets.

Impact investment lacks a precise definition. According to the GIIN, impact investment denotes: “Investments made with the direct intention to generate positive, measurable social and environmental impact alongside the financial return from the impact.” La Torre (2017) highlights this duality in the concept itself, between the search for profitability and social or environmental impact, but the key feature is that impact investments have *intentionality*.

Since the 1990s impact investing has been growing exponentially, especially in emerging markets. Impact Investing Benchmark, launched by Cambridge Associates and the GIIN to analyze the performance of impact investing, showed a return from emerging markets of 9.1% compared to 4.8% in developed markets. Impact investing targets issues such as education, healthcare, financial inclusion, issues particularly relevant for emerging countries.

For financial institutions, this is their potential moment in history to fund big changes and big ideas, taking big risks. And the smartest and most advanced financial institutions that lead the way will generate the greatest returns and have the greatest chance to endure as consequential financiers of the transition to the future, renewing their role and commitment to people and planet as a whole.

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However, for investors to achieve impact alongside high returns, there needs to be a new approach to investing in emerging markets and particularly in fragile and conflict-affected settings (FCS). The purpose of this chapter is to explain how businesses and investors can work alongside communities, revising traditional approaches and devising investment strategies that incorporate a focus on human security in order to leverage opportunities for innovation and create positive results in terms of sustainable transformations. We take the example of Latin America, to demonstrate how innovation coupled with impact investments can strengthen the private sector's contribution to building resilience and more inclusive economies. Using a human security approach to understand and manage the risks, impacts and ensure long term value of investments, the aim is to create better and continuous connections between the different sources of finance (from grants and subventions to debt and capital) and portfolio opportunities in a way that is easily accessible for local business, exposing both investors and entrepreneurs to the potential of innovation and growth.

The challenges of impact investing in the region, as discussed during the event *2030 Alliance*, include: asymmetry of information and education, misunderstanding of the context and a limited view of impact investing. Luz Mila Lancheros from the 2811 Fund has noted that there's a dangerous disequilibrium between what the different parties involved in impact investment know and understand. Business ventures identified by investors lack the capacity to comprehend investors' financial terms, communicate their perspective while mutual and achievable goals are frequently elusive under the prevailing frameworks that govern investment agreements. Transparency is crucial but can only be achieved alongside more spaces for education on impact investment; otherwise, the gap in understanding and language between financial investors and businesses will persist and affect the prospects for investments (Botha 2021; Murphy & Zafiris 2020).

Impact investing has traditionally been conceived from a macroeconomic perspective (Ross 2020), measuring economy-wide phenomena through aggregate statistics and econometric correlation indicators. This has produced a profusion of data and interpretations that can confuse and mislead investors. In contrast, a microeconomic approach, which involves research, development and corroboration of information from different sources, aims to capture context-specific economic, political and social factors in a given locality. This enables investors to evaluate emerging markets in a more effective and secure way. However, the 'bottleneck' phenomenon that exists because of poor market infrastructure or the use of models of investment which are not appropriate for business conditions on the ground, highlights a lack of established data collection procedures or a uniform measurement technique. The bottleneck phenomenon amplifies the gaps around lack of market knowledge, informed participation, and lack of trust and cooperation between players.

Speaking at the forum ‘Challenges and Opportunities of Impact Investment’, Virgilio Barco from Acumen Latinamerica Impact Ventures, argued that impact investing cannot be a standardized practice. An approach adopted for developed markets will not work in emerging markets. Without knowing the story of the region, and challenges businesses face, the usual approach to impact investing creates transactional and operational challenges for example in enforcing an agreement or setting goals that reflect realities in these markets. Simply put, impact investment cannot work with a cookie-cutter approach. It will thrive if investors are willing to explore the region, its industries and listen to the experiences of communities. An understanding of the context, dynamics, and realities of the market will enhance relationships between investors and their business targets, enabling them to make more effective and efficient decisions, and resolve complications if they arise. Additionally, as Eduardo Atehortúa from the UN Principles for Responsible Investments (UNPRI) stated during the 2030 Alliance event: ‘To make investing sustainable and measurable, it needs feedback from investors and practices that can be adapted to this market specifically.’ Collecting and measuring results from investments accurately can be used to inform new value propositions for future investment, thereby setting up a chain of sustainable finance in these markets. Better understanding and data by investors in turn will allow investment targets among SMEs in the early stages of their life to strengthen their business model and create a sustainable relationship with the investor.

A human security approach to transformative investment strategies

A [2018 report by the United Nations](#) stated that between 2002 and 2016, Latin America made significant progress in terms of social and labour inclusion, as well as education, health, and basic infrastructure, but that structural gaps in quality and access persist, especially regarding women, youth, people with disabilities, indigenous people and persons of African

descent. Moreover, these gaps have widened since the arrival of COVID-19 in the region (Bass et al 2020). Although the virus doesn’t discriminate, as Michelle Bachelet notes, there is no denying that it is disproportionately affecting vulnerable populations and Human Rights in fragile societies. There is limited availability of health services in various communities, women’s unemployment rates have skyrocketed and, even more in conflict-ridden areas, violence against community leaders has increased (Bachelet 2020).

To tackle these challenges, human security defined as a ‘people-centred, comprehensive, context-specific and prevention-oriented response that can strengthen the protection and empowerment of all people’ (Resolution 66/290 of the UN General Assembly) provides a comprehensive framework that is both analytical and operational. It addresses challenges through multi-stakeholder coordination and an ethos of partnership. This shifts the conversation away from a purely transactional exchange and seeks to bring together key players in the investment territory. It creates a dialogue between them, aligning objectives, interests and perspectives leading to the development of sustainable and pragmatic problem-solving techniques, to manage diversity and differences among the key players-- from investors to businesses and local community institutions. This dialogue includes the possibility to strengthen local capacities and social cohesion, to help deliver the outcomes, and the kind of counterparties that investors want. Asset managers need to develop locally informed risk models, a trust strategy and a basis to connect investment opportunities with the criteria required by asset owners. The dialogue and partnership approach can help to justify long term investments and develop so -called ‘patient capital’.

Applying this approach to sustainable development in Colombia, the project [Alianzas para la Seguridad Humana](#), led by UNDP and UNHCR, with [PeaceStartup](#), targets five rural municipalities. The actors in the financial system, international agencies, local entrepreneurs, and government agencies, were invited to talk

about the challenges and opportunities of delivering financial products to such complex and fragile areas. The conversation explored concrete problems lenders and investors face. The financial market in Colombia offers an opportunity to innovate in the face of multiple challenges including high credit risk, the absence of information and data, and the lack of engagement between investors and businesses to build sustained finance offerings in rural areas. Yet, there is often a mismatch between demand for finance and the offer of resources where investors and financiers cannot find projects that comply with their traditional criteria and frameworks.

The conversation identified the following components of a new relationship between investors and target investments:

1. Understanding demand: the demand component consists of context challenges, the diversity and vulnerability of communities, and the availability and current state of market opportunities. The demand profile of investment in fragile contexts has the following characteristics:

- Remote rural populations, far from urban centres. Difficult access to communications and poor infrastructure. Areas that historically suffer from armed violence, insecurity, forced displacement.
- Population diversity including vulnerable populations such as migrants, victims of armed conflict, ex-combatants, ethnic communities.
- Low state presence, poverty, poor access to public services, informality.
- Competition between legal business development and illicit activities in the context of high levels of informality.
- Businesses lacking or having very short business history. Most do not have a solid organizational scheme and there is an absence of credit history.

- Lack of knowledge about business management, growth, development, scalability and business finance (how to handle and manage money and investment).
- Cultural barriers including a fear of debt and distrust of financial organisations.

The human security approach is useful to gain a better understanding of these elements, because it is rooted in local people and everyday experiences which fill information gaps about how business develops and local markets function. By instituting an ongoing dialogue with communities and entrepreneurs, financing can respond to local complexities, while also adapting continuously to changes in the local business ecosystem. It also helps to make visible investment benefits. For example, population diversity may be a challenge but can also generate positive dynamics in terms of a balanced portfolio of investments.

2. Addressing risk together: investors need to be able to gauge the level of credit risk and create joint strategies with businesses and communities for risk management and risk socialization, including guarantees and hedging. This aims to take the discussion beyond financing local enterprise to addressing cross-cutting issues such as security and illegality. Innovative de-risking strategies in these settings should aim to:

- Maintain constant communication with demand actors.
- Model risk management based on real and context-specific information, the profile of the population and the sector, including a portfolio investment approach in the territory.
- Manage risk jointly through collaborations and partnerships.
- Digitize and share data between stakeholders, including continuous sharing of information.
- Understand and improve local capacities and resource management skills.

The human security approach can be applied as a methodology to connect investors and targets, identify risks and create innovative de-risking tools or products. In complex and fragile territories, with high and rapidly evolving credit risk, human security partnerships are a mechanism to build trust and perpetual feedback loops between the sources and targets of financing. The partnership and dialogue approach are also useful in helping investors innovate in terms of product diversity, plugging gaps in the offer of financial and investment products and ensuring that local businesses understand what is available in terms of credit and financing.

3. A partnership approach: too often, financial actors do not share information about projects they invest in, even if these include a mixture of different types of financial product such as a grant, debt or equity. The GIIN and the human security approach both suggest that there needs to be cooperation between actors in regions with growing capital markets. In this way investors can align multiple actor groups which exist at community level, creating networks that bring diverse capacities to help new markets develop – addressing some of the characteristics of weak context and capacity listed above. This approach seeks to create integrated initiatives to tackle the spectrum of risks and opportunities that exist in these markets, in order to generate positive outcomes from investments and overcome bottlenecks. Improved co-ordination among actors in the financial ecosystem (banks and credit institutions, grant-making bodies and investors) will help to maintain fluid and constant communication around innovation possibilities and maximise data collection and sharing.

A portfolio approach will also contribute to building an ‘understanding system’ that can be used to invite different actors, into investment alliances that create long term value, and support comprehensive development initiatives in these complex areas. Discussions with

financial groups also revealed the role that technology has to play in providing not only useful transactional tools to encourage positive investments, but in addressing gaps in financial education and inclusion. These gaps may be difficult for financial actors to access individually but can be part of a partnership strategy on the ground.

ESG investing

The last 10 years has seen an explosion of ESG investments, based on factoring non-financial issues into the investment process, focusing on environmental, social and governance goals. The ESG industry has focused on mainstream investment and potential risks. As outlined in chapter 5, the ‘S’ or social element in ESG investment strategies, remains under articulated. The ESG opportunity for investors is in linking investment activities with value creation that respects individual rights, capacities and expectations in communities.

In this respect the human security approach is about achieving greater clarity on the needs and capacities of local entrepreneurs and applying concepts such as blended finance and patient capital. Quality pipelines of projects informed by better data and a sharing of information and mutualisation of risk between financial actors not only benefits the investment industry. It can help communities understand what type of finance is available and ensuring sustained engagement with financial sources.

Further development of ESG investment markets will create better connections between large-scale investment and investment in local businesses and innovation prospects, with the ambition of building more resilient societies at the grass roots. There is also room here for a broader range of impact funds, targeted on specialty issues, that can close some of the gaps we have identified between offer and demand of finance for local development in complex and fragile settings.

Conclusion

it is clear that emerging markets present a clean canvas where investors can innovate socially and economically, creating real impact. A new model of impact investing offers benefits to investors and beneficiaries alike, although it is not an easy fix. It requires community education and empowerment, investors who are prepared to take a deep-dive to understand the context of the region and take a chance on new economies, working with other actors to find common ground in novel constellations of lenders and financiers and beneficiaries themselves, and new blended financial offerings.

The aim of a new approach to impact investment is to create a more sustainable environment for investing, develop new products, and strengthen economic inclusion. If the private sector uses a framework of human security, as a methodology for investing, collective solutions can foster innovation never seen before in fragile and remote territories. The positive impact of investing in this way can be massive in communities, especially those in post-conflict societies, since they are able to create legitimate jobs, new livelihood opportunities alongside possibilities for education, the strengthening of local institutions and more resilient local economies. ■

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Chapter 8

Business responses to migration and forced displacement

More than four percent of the world's population in 2020 were classed as migrants or refugees. Most have left their home countries to seek safety and/or work in other countries, but more than 82 million have been forcibly displaced through crisis, conflict, and violence. These numbers have risen steadily and reflect conflicts in Syria, Iraq, DRC, and Colombia. [Climate change](#) is expected to become a further prime driver of displacement in the decades ahead. Rather than being seen as exceptional, current migration waves and displacements show that this is a long-term structural challenge for societies everywhere. As noted by the European Union: 'Forced displacement is no longer a temporary phenomenon as it has become increasingly protracted. Displacement lasts 20 years on average for refugees and more than 10 years for most IDPs (Internally Displaced Persons)' (European Commission 2021). Climate crises frequently combine with other phenomena such as war and civil unrest, hitting the poorest countries hardest and creating further setbacks to the sustainable development agenda. Remittances from migrants show just how potent a phenomenon this global, mobile population has become: money sent from wealthy nations which are the destinations for migrants, such as Europe and the United States, total \$717 billion, compared to \$126 billion 20 years ago. The [International Labour Organisation](#) estimates that migrant workers account for almost five percent of the global workforce (ILO 2021).

Until recently, the challenge of migrant populations, which comprise distinct categories such as recognised refugees, internally displaced people (IDPs), asylum seekers, and migrants – each with their own characteristics and needs – was labelled a humanitarian issue. This implied temporary relief responses with a focus on short-term aid delivery. As a result, non-governmental actors, including

the private sector, primarily engaged with migration via philanthropic acts that provided emergency relief via cash donations or provision of skills. At the same time, states and international organisations supplied aid and enacted policies that aimed to staunch migration waves on the argument that they tend to destabilise destination economies and societies. This humanitarian perspective looks increasingly insufficient in the face of migration as a protracted phenomenon, requiring a reframing and rehaul of the system of aid and intervention.

One aspect of reframing migration is to rethink the role of the private sector in addressing the long-term implications of increased, and increasingly involuntary mobility. Business and the global economy intersect with migration in several ways. Money flows from wealthy nations to poor and crisis-affected countries are one area in which private sector business has technical expertise and experience in facilitating and managing these flows. Countries which receive payments often rely on remittances rather than production as the mainstay of national income. Smooth payment systems are also important for the financial inclusion of those making and receiving remittances. Consumption and the emergence of new markets for goods and services that reflect the demands of migrant communities can be significant dynamisers of growth in economies. For example, in Colombia Venezuelan refugees have opened up new opportunities for food production and delivery that reflect their taste preferences and food culture. Migrant populations are an essential source of human and social capital, affecting labour markets and how companies manage their workforce needs. Migrant populations are generating new and emerging value chains in a global economy, that is increasingly fluid and mobile. They are also central to the goals of sustainable development (SDGs) and resilience building, embodied in Agenda 2030. The UN commitment to leave no one behind (LNOB) in addressing challenges from climate change to technology and poverty alleviation, requires displaced people to be integrated into development solutions.

As part of the shift in managing refugee crises as a long-term challenge, international organisations such as UNHCR, ILO and the EU, regard multistakeholder partnerships with business and other non-governmental actors as a way to implement comprehensive programmes that address the multiple issues raised by migrant populations.

Achieving the SDGs requires including migrant and displaced people in initiatives that tackle goals such as poverty, decent work, and climate change. Specifically, the 2030 Agenda calls for policies to ensure safe and orderly mobility, the protection of labour rights, and working conditions, particularly for women (targets 10.7 and 8.8). The issue of forced displacement is also central to SDGs such as SDG 16 on peace, justice, and strong institutions. At the same time, SDG 17 on partnerships – between the UN, governments, civil society, and the private sector – is also relevant in this area. (IoM 2020b)

A new story is taking shape which sees migrants and refugees not as burdens who might jeopardise economic progress or as passive beneficiaries of aid but as an important resource for the economy. (Betts & Collier 2017). This change

Migration has been part of the human experience throughout history, and we recognize that it is a source of prosperity, innovation and sustainable development in our globalized world.

UN Global Compact for Migration

The importance of the local level is particularly relevant in the context of migration, as migration has become increasingly urban.... Cities are now at the forefront of migration dynamics around the world. They are the entities that not only strongly influence the well-being and resilience of migrants, but are also influenced by migrants, who themselves can be key players in a city's development, growth, resilience and sustainability

IoM, Migration and the 2030 Agenda

in perception builds on the UN's 2019 [Global Compact for Migration](#) which notes: 'Migration has been part of the human experience throughout history, and we recognize that it is a source of prosperity, innovation and sustainable development in our globalized world.'

Displaced people are economic agents who are or can be net contributors to local and national economies and create prosperity and innovation central to sustainable development. For these reasons, the spotlight is now on the private sector to become an active partner, recognising and limiting any negative consequences on the welfare of migrant populations alongside realising the potential offered by these fluid movements of people. Business has the resources and skillsets to work with mobile populations as consumers, employees, and sources of innovation. Business can bolster sustainability by developing long-term strategies with migrants, refugees, and IDPs in mind. These strategies should also be integrated into efforts to confront climate change, recognising the likely effects on population movements and place further pressures on economies and societies.

Much is often made of the distinction between developed and fragile settings. Businesses frequently dismiss the latter as not relevant to them if their centres of operation are located in wealthy or mid-sized economies. In 2020, the COVID-19 pandemic underlined how pervasive fragility is. The size of migration flows in recent years affecting large swathes of Europe, Asia, and the Americas is a reminder that even within settled contexts, there are ungoverned spaces surrounding migrants and displaced people that are part of companies' spheres of interest and influence. The pandemic also highlighted the importance of employment in essential economic activities such as the healthcare, transport, and food processing industries, where many workers already come from migrant populations and work in precarious conditions. This is particularly true of women migrant workers who are over-represented in low-paid and low-skilled jobs and have limited access to support services. The pandemic has exacerbated their vulnerabilities and revealed how a functioning modern economy increasingly relies on migrant and displaced workers (ILO 2021:17).

This chapter highlights business pathways to address both the problems and opportunities of migration flows within countries and across borders. These include adjusting attitudes and strategies, expanding existing initiatives, and working with other government and civil society actors. In particular, they focus on the scope for local action by business in communities that are destinations for migrants and refugees. From technology companies and financial service providers whose products play a crucial role in the daily lives of migrant populations to energy suppliers, consumer products, and hospitality where they seek work or the necessities of everyday life, companies can create a positive impact at the grassroots.

As migration and displacement shift from representing a humanitarian emergency to an integral element in creating inclusive economies of the future, what are the benefits and barriers for business to engage with this issue? As with other chapters in this report, we outline progressive steps the private sector can take that align with its own needs and capacities, using the ideas and methods of human security to bring about transformative change.

Reasons for a new approach

Governments and public sector organisations bear the prime responsibility for managing the disruptions and countering the fragility – both personal and societal – that give rise to forced displacement. However, in many contexts, state weakness itself is one of the causes of migration, and the ability of governments to address the problems of population movement creates a vicious cycle of cause and effect.

The most significant barrier to private sector engagement is often the lack of policy apparatus and poor administrative support in helping displaced people find work and access services. Companies who want to offer work to migrants and IDPs have to overcome uncertainties around their status, including work permits and social security credentials, exacerbated by a lack of information on what local and national authorities require to regularise this status so as to achieve secure employment.

In this situation, the private sector can triangulate with different levels and agencies of government to help job seekers access vocational training, recognise their existing skill levels and qualifications, and assist with gaining temporary work permits or interim benefits such as healthcare and housing. In practice, this can mean navigating a complex web of public agencies such as training agencies, family welfare funds and ministries of labour. In some settings there are networks of public and private providers that co-ordinate to support job placement. Governments often do not

understand how private business can assist in transitioning migrants and refugees from aid beneficiaries to productive workers. Companies can help by making their demand for labour visible to public authorities.

Colombia is coping with simultaneous waves of both combatants and victims returning to their homes after civil conflict, as well as Venezuelan refugees. Companies and the employer association ANDI are working with government and UN agencies to direct workers into seasonal sectors and those with employment shortages. Tourism, horticulture, food delivery, and hospitality are all areas where the availability of additional workers benefits business and the local and national economy.

A human security lens on migration and displacement

A human security approach combines protection and empowerment actions: protection is needed because of the aggravated vulnerabilities of being displaced in terms of exclusion, marginalisation, and barriers to earning a living. Women and young people are particularly exposed to these harms because services and administrative systems tend to accord them lesser status or ignore specific needs such as childcare, training, and wellbeing support.

Empowerment initiatives enable displaced people to be productive, contribute to strong local and national economies, and live with dignity. Actions include assisting people in transferring their skills and qualifications to new settings; using corporate communication platforms to make displaced communities aware of livelihood opportunities and services. Businesses will contribute to more resilient and inclusive local economies, if they adapt operating methods to incorporate both protection and empowerment elements that counter the vulnerability of migrant populations identify opportunities to help address labour shortages and skill gaps, which benefit local livelihoods and business prospects alike.

Human security requires actors to collaborate to deliver holistic and integrated actions that tackle the different dimensions of exclusion and marginalisation. The aim of these responses is to reflect how various risks connect and interact in the discrete experiences of individuals and groups. Human security builds on human rights and development approaches and helps companies connect different management functions by emphasising local context and putting people at the centre of actions. Guided by the need to develop comprehensive responses, a human security approach helps businesses create coherent plans focused on mitigating risks that affect both people and business and are linked to population movement, such as exclusion - from education and access to financial services decent work - to environmental hazards that disrupt livelihoods.

It may also require companies to co-operate within and across business sectors, breaking down traditional barriers and competitive instincts to address the challenges that prevent vulnerable migrant populations from participating in the mainstream economy. Cross-sectoral approaches can be powerful in mobilising relevant capacities. In Colombia this approach has been adopted by ANDI, the business leaders' association, bringing together different companies in a collective strategy that seeks to avoid duplication and competition between them. Concerted efforts by many companies working together can also help in creating positive connections between migrant and mainstream communities and overcoming the stigmatization of migrant communities and workforces.

Digital technology, as we set out in chapter 6 of this report, is critical in helping migrant populations participate in local economies through accessing information and services and requires action that cuts across business activities. For example, in Uganda in 2020, in response to the COVID-19 pandemic, telecoms operators eliminated charges on mobile money transfers. UK group BT partnered with digital skills organisations to improve digital literacy and online safety. Payments group Mastercard works with local digital technology providers in settings such as Lebanon, Jordan, Kenya, Rwanda, Uganda, Tanzania, with high levels of population displacement. The Smart Communities Coalition in Kenya was designed to increase the access of private sector organisations working with civil society in refugee camps to provide services and products to camp residents. These kinds of actions not only ensure refugees access to aid and benefit payments, but simultaneously recognise that there is untapped economic value in camps and economic capital in their residents. In Bangladesh, in an example of integrated solutions to development in refugee settings, a solar panel provider assisted residents of the Rohingya refugee camps to access electricity to kick-start fledgling businesses, and connect to a payments system that rewarded them for producing electricity.

A recent study on the role of mobile banking on poverty and migration in Bangladesh found that urban migrants who sent money via mobile to family in rural areas experienced less poverty, and their families exhibited positive financial activities: they borrowed less, saved more, sent additional migrants, and consumed more in the lean season. Financial services and technology companies are well positioned to provide services like these, offering combinations of microloans, as well as internet access services.

Stories of inclusion and opportunity

Colombia

Colombia is the location for applying the [Human Security Business Partnerships](#) model between conflict-affected communities, the private sector, and the government, in municipalities that have received large numbers displaced by the conflict, including victims and guerrilla groups. More recently, for people fleeing the crisis in Venezuela, human security partnerships provide a structure for business and other groups to work together to understand and prioritise each other's needs and capacities. The partnership model uses human security principles of local ownership and inclusion to build trust, generate reciprocal commitments, and foster shared responsibility, enabling business to engage productively with displaced population groups. The programme, run jointly by UNDP and UNHCR, working with local business groups, targets economic insecurity by supporting businesses with seed capital and supports IDPs with vocational training and information about job opportunities. In one area with a significant company presence, the programme has engaged businesses to help migrant entrepreneurs to become part of their value chain. It also addresses community security, helping migrants and host communities work together, for example, on COVID responses and dealing with victims' redress, relocation, and resettlement. An environmental approach is being developed to involve business in training and response programmes to deal with the displacement impacts of natural and human-created disasters such as floods, landslides, and pollution. These 'temporary' events often combine with other types of insecurity – for example from armed groups or the pandemic to create new sets of needs among local people. In Ituango for example, in an area affected by hydro-electric power generation, a human security approach has tried to identify solutions with the companies that address this [complex environment](#).

Supporting migrant-owned businesses in Turkey

Turkey, a middle-income country and frontline state to the war in Syria, has received more than 3.5 million Syrian refugees since 2011. As of 2016, persons covered by 'temporary protection' status, many Syrian, are eligible for work permits secured by employers. However, in the absence of a rights-based or human security approach to migration management, prospects for livelihood security of refugees and members of vulnerable groups remain bleak. The prevalence of the informal labour market, the extant hurdles to the formal labour market, the pressure on refugees to adopt 'negative' coping mechanisms such as accepting unfair wages or sending children to work instead of school to supplement family income, all require increased cooperation among local, national, and international stakeholders. In addition, many local business owners are concerned about the increase in competition because some of their counterparts hire Syrians informally at low wages and engage with unregistered Syrian businesses thereby cutting costs. The Turkish Industry and Business Association and the Turkish Enterprise and Business Confederation have recently sought to build bridges with Syrian-owned businesses by including them in supply chains and creating employment schemes to formally incorporate Syrians in their operations. In partnership with sister Syrian private sector associations, such as the Syrian Economic Forum and Syrian Business Association, local chambers of commerce and industry in southeastern Turkey have devised business development and employment generation strategies. A study on Syrian-owned small and medium-sized companies in Turkey, [Building Markets](#), highlighted the positive impact of the Syrian private sector on local and regional economies, primarily where significant numbers of Syrians reside. The study "Another Side to the Story" indicated that more than 6,000 Syrian-owned companies have registered in Turkey since 2011. On average, Syrian-owned businesses employ nine people and collectively have invested over \$300 million.

Afghanistan

In Afghanistan, the Chamber of Commerce and Industries (ACCI) worked with [UNHCR](#), UNDP, and local and national government to identify sectors and industries with human resource needs and gaps. These were matched to the skills and/or expertise of migrants, who were given access to job placement services, apprenticeships, and stable employment. The emphasis was on understanding the available human and social capital, matching that to the labour market. The programme helped the government fulfil its national development strategy, and the private sector to fill job vacancies. In addition, it provided IDPs with targeted vocational and technical skills training, entrepreneurship support, financial literacy training, and business development services. A key success factor was a paid incentive model whereby for the first three to six months of an internship or apprenticeship, UNHCR covered the full salary cost, with business contributions taking over after the initial period in a tapered process. In addition, companies had to offer a minimum one-year contract at the end of the internship or apprenticeship period. Over three years, the programme led to 941 job placements (apprenticeships) with 45 private sector companies, with an additional 1,448 market-based trainings in activities such as beekeeping, dairy farming and processing, greenhouses, carpet weaving, shoemaking, mobile repairs, motor, and car mechanics, carpentry, carpet weaving, tailoring, and transport services. UNDP subsequently replicated this model in a partnership with the private sector that benefited 1,225 returnees and IDPs, of whom 60% were women, including 308 direct job placements. In its report on these initiatives, [UNHCR](#) noted that apprenticeships and other work-based training opportunities, in coordination with local business partners in the unions and employers associations, are valuable training pathways that contribute to national development objectives and provide local employers with the skilled workforce to enable them to remain competitive.

Conclusion

The global economy continues to be shaped by ever increasing levels of forced displacement. Consequences radiate from hubs of migration to generate ripple effects throughout global value chains. Extreme fragility threatens lives while long-term needs that go unmet jeopardize livelihoods. In order for migrants to earn a living, protect themselves, and contribute positively, stakeholders must come together to devise comprehensive, integrated solutions. As demonstrated by the examples above, the private sector is uniquely positioned to offer technology solutions, products and services, and employment opportunities that empower migrants and help them integrate into new economies, as part of long-term initiatives that address both the risks faced by displaced populations, but also the opportunities that arise for local economic development.

There is common ground and a convergence of interests between employers and migrant populations as sources of human and social capital, with openings for new markets and innovations in products and services and upskilling. A partnership approach between the public, private and civil society sectors is an essential part of this new approach to highly fluid populations. Creative solutions when companies and business associations collaborate with government, civil society, and international agencies, such as UNHCR, IOM, and ILO, who are increasingly adapting to working with the private sector, can counter the exclusion and marginalisation of displaced people. Business can contribute essential know-how and logistics to integrating migrants into dynamic and flexible local economies, providing improved participation and access to the mainstream.

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List of acronyms

CEO	Chief Executive Officer
CSR	Corporate Social Responsibility
ESG	Environmental, Social, Governance
EU	European Union
FCS	Fragile and Conflict-affected Settings
GDP	Gross Domestic Product
GIIN	Global Impact Investing Network
GRI	Global Reporting Initiative
HRDD	Human Rights Due Diligence
HS	Human Security
HSBP	Human Security Business Partnership
ICT	Information and Communications Technology
IDP	Internally Displaced Person
ILO	International Labour Organisation
KPI	Key Performance Indicator
LNOB	Leave No-One Behind
MSP	Multi-Stakeholder Partnership
NGO	Non-Governmental Organisation
PP	Positive Peace
PRI	Principles for Responsible Investment
SASB	Sustainable Accounting Standards Board
SDG	Sustainable Development Goal
SME	Small and Medium sized Enterprise
TNC	Trans-national Company
UN	United Nations
UNDP	United Nations Development Programme
UNGP	UN Guiding Principle (on business and human rights)
UNHCR	UN High Commission for Refugees
UNTFHS	UN Trust Fund for Human Security
VPSHR	Voluntary Principles on Security and Human Rights

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