



VPSHR 2019 ANNUAL REPORT

REPORT ON ACTIVITIES AND OUTREACH
FOR THE VOLUNTARY PRINCIPLES ON
SECURITY AND HUMAN RIGHTS



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

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Cover image: J.J. Messner / FFP

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VOLUNTARY PRINCIPLES ANNUAL REPORT 2019

COMMITMENT TO THE VOLUNTARY PRINCIPLES

1 FFP is highly active within the VPSHR, as a member of the VPSHR Initiative (VPI) Steering Committee and VPSHR Association (VPA) Board of Directors since 2016 (after previously having served from 2011-2015). During 2019, FFP again chaired the NGO Pillar and also Co-Chaired the Ghana In-Country Working Group and participated in meetings of the Nigeria ICWG.

2 FFP has long featured the VPSHR prominently on its web site (www.fundforpeace.org), wherein FFP also makes publicly available its Annual Report to the VPI. FFP also provides extensive information and reporting on its ongoing implementation work in Ghana, hosted on a dedicated web site at www.ghanavps.org. Further, FFP frequently publicizes the VPSHR in lectures and panel discussions related to issues such as corporations operating in conflict-sensitive areas; conflict and human rights impact assessments; and multisectoral collaboration and partnerships. These events typically take the form of university classes, or conferences organized by industry, governments, international organizations, and civil society. In many of these cases, the theme of the presentations was the VPSHR and multisectoral collaboration in general.

3 FFP frequently engages with other participants of the VPI to better understand challenges and lessons learned. A major pillar of this engagement is the *Human Rights & Business Roundtable*, a multistakeholder forum established in 1996 as a platform for business and civil society

ABOUT FUND FOR PEACE'S WORK

FFP has been engaged in a wide array of programs that have assisted companies in the oil, mining, renewable energy, infrastructure, and agribusiness sectors, including:

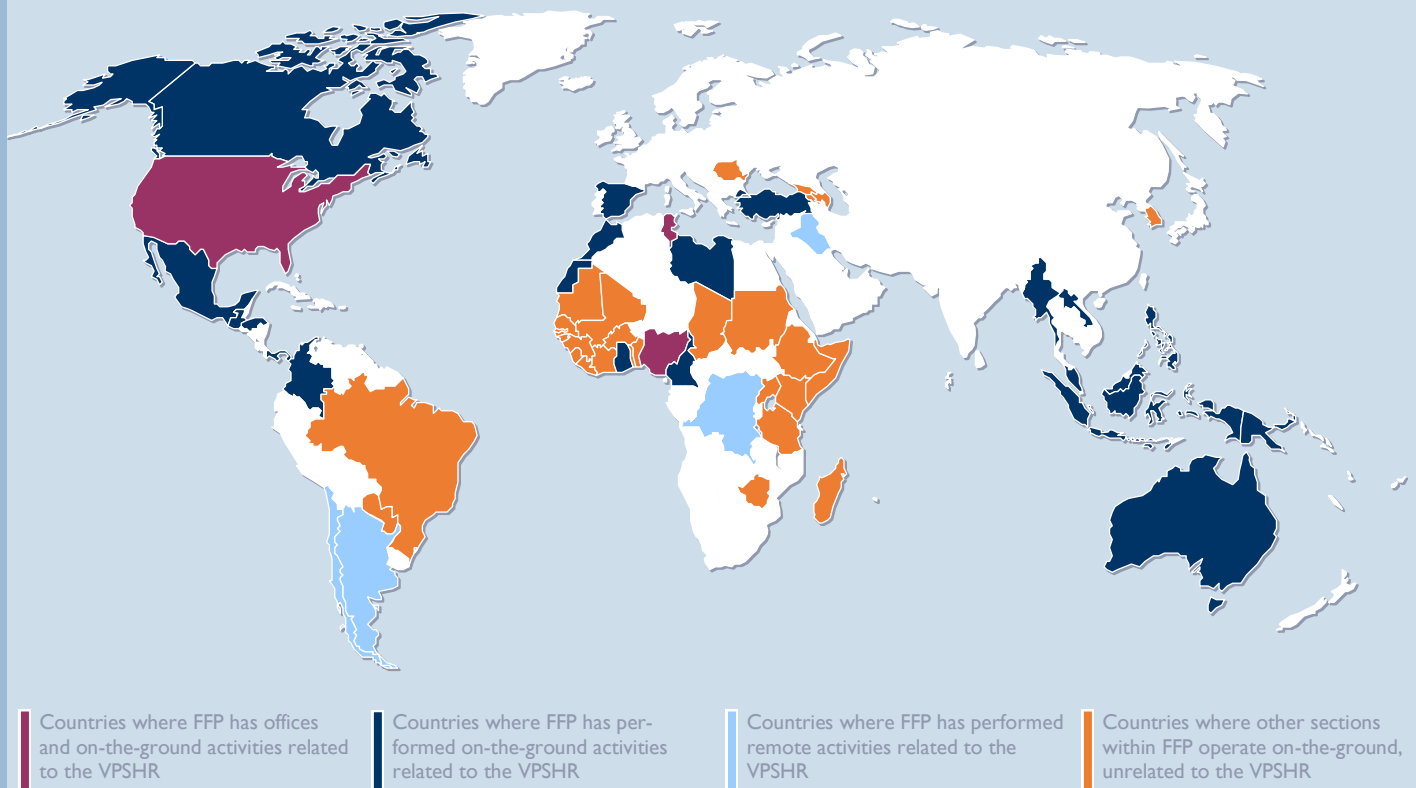
- Assessments (including Community, Human Rights Impacts, Risk, and Security Assessments);
- Training on Human Rights and Security for companies, communities, and security forces;
- Technical support for human rights monitors;
- Expert advice on implementation;
- Community/stakeholder engagement;
- Workshops on security and human rights for a variety of stakeholders.

to dialogue on issues related to security and human rights. Among the Roundtable's corporate members are Barrick Gold, Chevron, Freeport-McMoRan, and Newmont Mining.

POLICIES, PROCEDURES AND/OR GUIDELINES TO IMPLEMENT THE VOLUNTARY PRINCIPLES

4 FFP continues to pursue multiple activities related to the promotion and implementation of the VPSHR, in furthering their implementation and sharing lessons learned. During 2019, FFP continued research — in

WHERE THE FUND FOR PEACE OPERATES



FFP has implemented VPSHR-related programs or research in Australia, Cameroon, Canada, Colombia, Ghana, Guatemala, Haiti, Honduras, Laos, Malaysia, Mexico, Morocco, Myanmar, Nigeria, Panama, Papua New Guinea, Philippines, Spain, Turkey, and Western Sahara.

partnership with DCAF Geneva — on collecting best practices and lessons learned from the VPs In-Country Working Groups in Colombia, D.R. Congo, Ghana, Myanmar, Nigeria, and Peru, with research on Indonesia conducted remotely. Further, key aspects of the VPSHR, such as security & human rights and risk assessments, are the focus of dedicated discussions within FFP’s *Human Rights & Business Roundtable*, a multistakeholder forum that was established in 1996. Further, FFP has continued to develop and deliver training programs on the VPSHR, and has performed assessments, trainings, and provided advice on the VPSHR for various clients, including multilateral financial institutions. FFP is also one of a handful of organizations that has begun to examine first-hand — and promote — the application of the VPSHR in industries other than oil, gas, or mining.

PROMOTION OF THE VOLUNTARY PRINCIPLES

5 As in previous years, FFP has promoted the VPSHR directly with companies who are not currently VPSHR participants, at the project and corporate level. Sometimes the discussions are about joining the VPSHR formally, but we focus first on the adoption of the principles themselves in the companies’ policies and procedures. We have spoken about the value of the VPSHR with companies in the oil and mining sectors, as well as outside the extractive industry, in sectors such as renewable energy, agribusiness, and infrastructure. A potentially successful example of this engagement is the pending expansion of the VPI to include non-extractive companies, including a company in the palm oil business with whom FFP has directly encouraged to implement the VPSHR over a period of years. Beyond meeting with

various interested stakeholders one-on-one, FFP frequently publicizes the VPSHR in lectures and panel discussions as outlined in section 2 above.

6 Through our work in Ghana, FFP has engaged directly with local communities and civil society organizations throughout the country. FFP has engaged directly with local civil society organizations, including our program partners WANEP-Ghana, as well as other relevant organizations such as KASA Initiative, Wacam Ghana, and YouthBridge. During 2019 our program partners and Ghana ICWG Co-Chairs, WANEP-Ghana, were admitted to the VPI as an Engaged NGO. We hope that more Ghana-based NGOs will join the VPI in years to come.

7 Through our frequent engagement with companies — members and non-members of the VPI alike — FFP encourages the adoption and implementation of the VPSHR in corporate policies and practices, and in some cases assesses the effectiveness of that implementation and provides assistance and guidance for improvement. More broadly, FFP has worked closely with the International Finance Corporation (IFC), an observer of the VPs, to develop guidance on the use of security forces, culminating in a good practice handbook that was published in 2017 and has continued with ongoing advisory services for investments in the oil, mining, infrastructure, agribusiness and renewable energy sectors. This approach has also more recently been replicated in partnerships with IDB Invest in Latin America and the Caribbean.

COUNTRY IMPLEMENTATION

8 FFP’s efforts to strengthen the rule of law in countries around the world stretches far beyond its efforts related to the VPSHR. Indeed, strengthening the rule of law is woven into the fabric of many of FFP’s projects particularly in West Africa, where FFP works closely with the Economic Community of West African States (ECOWAS) on building up their own internal capacity to respond to instability and support the rule of law throughout the region. More

specifically germane to the VPSHR, FFP’s work in Ghana has focused heavily on the security sector, particularly the police and military and their respect for human rights and the rule of law.

9 Similarly, FFP’s work on conducting assessments and monitoring potential human rights violations stretches far beyond the organization’s specific VPSHR programming. FFP has been tasked with performing risk assessments of commercial operations on behalf of investors, and has communicated any concerns directly with the investors, working together with the operations concerned to ensure that appropriate remedial steps are taken in response to such concerns, and that policies and practices are improved to ensure similar issues are prevented from reoccurring in the future. Further, as part of FFP’s work in Ghana, a system for local communities to lodge grievances regarding human rights violations by oil and mining companies has been established, overseen by FFP’s local partner WANEP-Ghana.

10 FFP works directly with companies, or indirectly via investors such as banks and multilateral financial institutions, to assess human rights and security risks, and to assist with improving policies and practices for their operations. Assessments, as well as assistance to improve these operations, centers around the implementation of the VPSHR. Further, FFP has worked closely with the International Finance Corporation (IFC), to develop guidance for the implementation of IFC’s Performance Standard 4, which shares much in common with implementation of the VPs. During 2017, the IFC published *Use of Security Forces: Assessing and Managing Risks and Impacts*, a good practice handbook that relies heavily on the VPSHR. As this handbook is rolled out within the IFC and to its client operations, it is expected that so too will understanding of VPSHR implementation spread further to corporate operations, including those outside of the VPSHR traditional oil, gas, and mining sectors.

11 FFP has continued to engage with the security forces and the relevant ministries in Ghana around VPs implementation and to assist with internal efforts at ensuring that security operations are conducted in a manner that respects human rights and the rule of law. Further, the ICWG in Ghana has also begun examining reforms to the country’s laws and regulations governing private security forces, with the hope that that sector will be further formalized and more effectively overseen in future.

12 FFP follows a model of close consultation with companies, and as such respects the confidentiality of such processes. This practice allows FFP to have frank, open conversations with company representatives within the parameters of a trustful relationship. FFP continues to consult regularly with various companies — both members of the VPI and non-members alike — to discuss challenges and consider strategies for improvement.

LESSONS AND ISSUES

13 Through our experience in chairing the Ghana ICWG, and building upon our experience in previously having led the Indonesia ICWG several years ago, FFP has begun to recognize key lessons and good practices that can be relevant and informative to VPSHR in-country processes writ large. Pursuant to this recognition, in 2018 FFP partnered with DCAF Geneva and ICRC — both observers to the VPI — to conduct a study into lessons learned from VPSHR national level processes in Colombia, D.R. Congo, Ghana, Indonesia, Myanmar, Nigeria, and Peru. The findings of this study will hopefully provide a useful resource for future in-country processes, such as the Myanmar ICWG, which remains at an early stage of development. Separately, FFP continues to encourage the implementation of the VPSHR by companies in sectors other than oil, gas, and mining, as FFP has witnessed first-hand the effective use of the VPSHR in sectors as diverse as agribusiness, renewable energy, construction, and transportation. As implementation of the VPSHR increases, FFP believes it is critical that other sectors be afforded support in implementing the VPSHR effectively as possible.

HUMAN RIGHTS & BUSINESS ROUNDTABLE IN 2019

The mission of the Human Rights & Business Roundtable is to promote the rule of law and open societies. Launched in 1996, the Roundtable was the first forum designed for multinational businesses and mainstream human rights organizations to discuss issues of common concern in an atmosphere of mutual respect, trust, and confidentiality.



Image: JJ. Messner/FFP

Best Practices for Effective Citizen Engagement in the Extractive Sector

February 2019 — A sustainable extractive sector requires effective engagement with civil society affected by extractive activity. Ideally, this engagement should advance from a short-term transactional relationships to deeper, longer-term relationships between the extractive sector, local government and civil society. This Roundtable focused on research conducted by the Inter-American Development Bank (IDB), in partnership with the Canadian Extractive Sector Facility (CANEF), in Argentina, Chile, Colombia, Dominican Republic, Mexico, and Peru to study best practices for engagement with civil society by the extractive sector in these countries with a view to sharing these findings and encouraging discourse for better practices in engagement with civil society.



Image: Ragnar I804/Wikimedia

Benchmarking Political Risk

March 2019 — As much as poor governance, economic collapse, unrest, violence, and war may provide enormous risk, investment in fragile states can provide enormous opportunity, both as a catalyst for social and economic development and for expanding new markets for investment. This Roundtable focused on benchmarking political risk, and how we can use innovative approaches to better measure and understand risk to best support and spur investment and economic development in fragile and conflict affected states.



Image: Ucar-Maria via 123RF

Responsible Business Practices and the Role of Divestment

May 2019 — Responsible business practices have become an increasingly important area of focus for companies across many - if not all - sectors, driven by pressure from civil society groups who advocate for a 'do no harm' approach to private enterprise. Historically, one tool used by civil society groups to push for responsible business practices has been divestment, wherein pressure on or towards those entities with a financial interest in a particular company or sector will be pursued in the hope that, by turning away those who provide the financial 'supply', a tipping point of financial hardship on a company or a sector will reach such a point that they will be forced into change. This Roundtable focused on the effectiveness of divestment and various other approaches to promoting responsible business practices. Participants and speakers are invited from the academia, civil society, and private sector.

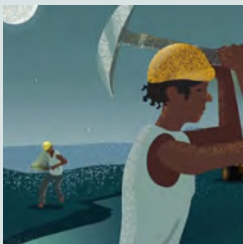


Image: FFP/Creative Commons

The Future of Policy on Artisanal and Small-Scale Mining

October 2019 — Artisanal and Small-Scale Mining (ASM) provides livelihoods for millions of people around the world. However, the practice has long been associated with poor working conditions, environmental degradation, and even conflict with communities, large-scale mining operations and government. A multitude of initiatives in various countries have attempted to raise standards and minimize harmful impacts of ASM, from formalization to supply chain integrity to adoption of new methodologies and even to alternative livelihoods. This Roundtable considered how coordinated policy initiatives and targeted interventions can further improve conditions in the ASM sector, and can help to further minimize negative impacts, informed by case studies presented on the experiences from the Artisanal and Small-Scale Gold-mining Sector in Ghana on issues related to labor reform, environmental protection, and governmental policy responses.



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