



THE GLOBAL  
COMPACT

# **Conflict and Development: The Role of the Private Sector in Conflict Prevention and Post-Conflict Reconstruction**

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# AGENDA



- ④ The UN Global Compact
- ④ The Role of the Private Sector in Zones of Conflict
- ④ The Changing Nature of Conflict
- ④ Economic Dimensions
- ④ Positive & Negative Impacts of Business on Conflict
- ④ Drawbacks of Voluntary Initiatives
- ④ Priorities for Governments and Donors
- ④ Recommendations re: supporting private sector efforts



# The UN Global Compact



- 🌐 A corporate responsibility initiative
- 🌐 Launched by UN Secretary-General in July 2000
- 🌐 Voluntary, multi-stakeholder platform
- 🌐 45 Country Networks: most in non-OECD countries
- 🌐 10 universal principles endorsed by Governments
- 🌐 Objectives:
  1. Advocacy for the universal principles
  2. Facilitating business engagement in support of UN goals



# Dialogue: The Role of the Private Sector in Zones of Conflict



- 🌐 Public-private sector engagement in peace & security
- 🌐 Business has an interest in contributing to peace and development
- 🌐 Four year old multistakeholder dialogue
- 🌐 International-level and country-level workshops resulting in a tool, policy paper series
- 🌐 Recent Publication: **“Enabling Economies of Peace: Public Policy For Conflict-Sensitive Business”**



# Changing Nature of Conflict



- 🌐 “Today’s threats recognize no national boundaries...”
- 🌐 Managing these threats requires a coordinated approach including the involvement of non-state actors
- 🌐 **Challenge:** To ensure economic globalization contributes to sustainable peace and development



# Economic Dimensions of Conflict



- ☉ Peace and Economic Development are mutually reinforcing
- ☉ High dependence on natural resource extraction and primary commodity exports - higher risk of conflict
- ☉ Management of revenues associated with the sale of natural resources has sustained conflicts
- ☉ How to promote the beneficial aspects of trade and investment while reducing the negative effects that can lead to or sustain conflict?



# Possible Negative Impacts of Business on Conflict



1. Sudden, large inflows of revenues can lead to corruption and conflict
2. Decisions companies make re: employment, relations with local communities, protection of local environments, security arrangements can impact conflict dynamics
3. Conflict has enabled natural resources to be exploited illegally without care for equity or the environment
4. When local populations/communities are excluded from access over resources conflict can result
5. Business may support authoritarian Governments involved in conflict and human rights abuses by paying taxes, royalties



# Positive Contributions of the Private Sector



- Companies increasingly sensitized to the need to anticipate possible security risks posed by their operations
- “Conflict-sensitive business practices”
- Selected practices:
  - Conflict Impact Assessments
  - Community Development projects - DDRR programs
  - Revenue Transparency (EITI, Publish What You pay)
  - Commodity Certification (Kimberley Process)
  - Responsible Security Arrangements (Voluntary principles on Security and Human Rights)





# Voluntary Initiatives can only take us so far...



- 🌐 Voluntary initiatives can bring about improvements, but can't substitute for what Governments do or should do
- 🌐 Proliferation of codes with limited coverage/authority
- 🌐 Self-selecting, self-enforcing nature and resulting collective action problem
- 🌐 Lack of expertise and information to guide company managers to deal with operational challenges



# Priorities for Governments and the Donor Community



1. Assist states to govern their domestic economies effectively, especially natural resource endowments.
2. Strengthen efforts between states to govern their cross-border economic transactions.
3. Further integrate international development efforts and conflict prevention and peace-building activities.
4. Develop policies and practices to support private sector efforts to reduce their negative impact and strengthen their positive impact.



# Key Recommendations to the Public Policy Community



1. Build upon existing conflict-sensitive business initiatives to extend throughout company supply chains & beyond MNC extractives.
2. Expand public-private partnerships in post-conflict reconstruction programs to enhance the ability of states to address demobilization and reintegration of former combatants.
3. Strengthen and coordinate assistance to weakly governed states for the management of their natural resources.
4. Consider the negotiation of a regulatory framework to address trade in conflict commodities.
5. Implement programs to fight corruption & enhance transparency.
6. Clarify the responsibilities of the private sector under accepted international human rights standards.



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