



The Basel Peace Forum 2019 intended to inspire new and unconventional ideas for peacebuilding. About 200 decision-makers from business, diplomacy, academia and civil society from 30 countries met on 13 and 14 January in Basel to rethink peace. Linkages between peacebuilding and health and migration, architecture, digitalization, impact investing as well as risk analysis took center stage.

TOWARDS RADICAL TRANSPARENCY?

CRITICAL REFLECTIONS ON THE INNOVATION FORUM “ESG AND BIG DATA: TWO TRENDS MANAGING CONFLICT RISKS IN THE EXTRACTIVE INDUSTRY?”

by Jana Röthlisberger

OVERVIEW

Reassembling two input speakers, whose expertise lies in environmental, social and governance (ESG) standards, and participants from different countries, this innovation forum discussed the development and incorporation of a conflict sensitivity standard in the extractive industry. Despite the necessity for actively bringing all stakeholders to the table to discuss and define the benefits and challenges of such a standard, it will certainly need a lot of time and patience for it to be globally accepted and incorporated. Besides this predominantly theoretical discussion, the innovation forum also brought up some more tangible ideas for future projects and innovative action.

RECITALS

Also the third edition of the Basel Peace Forum dedicated an innovation forum to the issue of conflict risks in the extractive industry. The two previous editions found that, although large amounts of data on extractive industries have been collected, the question remains open on how to make better use of them to avoid conflict and foster peace. This year's forum took this discussion a step further by focusing on big data and the development of a conflict sensitivity standard, which in turn play a big role in the management and mitigation of conflict risks. To launch the debate, **Bastian Buck, Chief of Standards at the Global Reporting Initiative (GRI), and Julian Kölbl, Postdoctoral Fellow at the MIT Sloan School of Management and the University of Zurich**, gave insights into their fields of expertise.

Bastian Buck introduced the work of GRI, which has developed the leading ESG standard that is nowadays used by 75% of all listed companies worldwide. Buck reminded the audience that increased transparency leads to more accountability and a future where more and more companies



assume responsibility for their impacts across their value chains, including the role they play in peacebuilding. What is being measured is being managed. Buck explained that the push for a global conflict sensitivity standard regarding the extraction of conflict minerals surged two years ago by civil society actors and was taken up by GRI for further development, which bears many challenges and takes a lot of time.

Julian Kölbel recalled that the major sources of conflicts in the extractive industry are pollution, (non-)distribution of benefits and competition for resources. Moreover, he gave an overview of different methods that help to crosscheck data provided by companies with information from independent sources. These data generation mechanisms analyze information from host countries, satellite images, victims of human rights violations, newspapers and social media channels as well as chain of custody documentation, statistical estimation of product origin and pre-refinery chemical analyses.



CORE DISCUSSION: FURTHER DEVELOPMENT AND INCORPORATION OF A GLOBAL CONFLICT SENSITIVITY STANDARD



The development of the conflict sensitivity standard has gained importance due to an increasing demand for transparency and an even stronger push by all stakeholders for structured information that enables decision making by individuals, governments, the business sector and civil society. Nevertheless, despite the increasing relevance of this emerging standard and the growing pressure for regulation by governments and policy makers, one has to keep in mind that it usually takes five to ten years for standard reporting to be globally accepted, applied and incorporated into general business conduct. In this regard, **the development of a global conflict sensitivity standard in the extractive industry has only just begun.**

For its further development and incorporation, it is of utmost importance to communicate its relevance and benefits to all stakeholders. The information disclosed helps us consumers who purchase products that could contain conflict minerals. It benefits investors who inform their investment decisions based on a company's risks. It supports regulators who seek adherence with legislation and international norms. Finally and most importantly, **it enables companies to take ownership.** Information disclosure is a way to measure progress and a way to assess and manage risks related to mining. Moreover, providing information on companies' impacts and their due diligence processes opens the door for dialogue and partnerships and increases their brand-value and positive reputation. External regulations and incentives should to be added, including national and international legislation as well as rankings, indices and competitions that assign awards for peaceful business conduct.

Hereby, **it is key to discuss the many questions and challenges that arise from the development of such a standard.** First, it has to be defined which information is needed for the analysis of conflict sensitivity and how it should be measured. It is important to include all stakeholders in this discussion since necessities of companies might not always coincide with those of local people. Also, we have to keep in mind that conflicts are very diverse, featuring different origins, characteristics, and consequences. It is therefore important to avoid a "one size fits all"-approach and to develop standards that are adaptable to each context. Second, in order to avoid whitewashing, it should be

discussed how to combine existing data from independent sources to crosscheck the relevance and accuracy of information published by extractive companies and to provide information on aspects whereon companies do not reveal any evidence. Hereby, one expert raised the concept of “radical transparency”, namely the disclosure not only of standard ratings but also of methodologies and sources. Third, the collection and analysis of big data needs a certain degree of digitalization, which is not always granted in developing and fragile regions. Thus, it is important to come up with alternative means to collect, store and process data. **Finally, one has to be aware that standards do not give an answer on how to solve problems, they merely raise awareness.** Consequently, based on what is found in due diligence processes, further action has to be taken.



REFLECTIONS & POTENTIAL FOR DEVELOPMENT

On a more short-term and practical level, three specific ideas emerged during this year’s innovation forum. The first idea introduced the development of a **monitoring system to recycle conflict minerals** that are being wasted instead of reused for the fabrication of daily goods, such as smartphones. The second idea is centered on the prominent role of Swiss companies in the gold refining market since two thirds of the globally traded gold is being refined in Switzerland. As Julian Köbel explained, **the origin of gold can be traced by means of a pre-refinery chemical analysis.** In the face of these circumstances, Swiss private sector actors and policy makers have the responsibility and power to set global standards with regards to sourcing of peaceful gold. The third idea recalls the importance of education and the need for **integrated university curricula.** Future mining experts should not only be trained in physics and engineering but also in environmental and social sciences, including conflict studies. This would help to break the silos among different disciplines and allow for more holistic thinking and acting. The challenge hereby lies in the fact that many engineering programs are being funded by the extractive industry. This endeavor should thus be linked to a more transparent disclosure of educational financing.

This innovation forum clearly showed that conflict sensitive business conduct is becoming more relevant and entails many benefits not only for consumers, investors and regulators but also for companies. To measure and manage such conduct, a holistic approach including all stakeholders is key. By bringing together experts and decision makers from the public and private sectors, civil society as well as academia, the Basel Peace Forum makes an important first step in this direction. However, a lot remains to be done and collaboration and dialogue need to continue in the future.

ABOUT THE AUTHOR



Jana Röthlisberger worked as a Program Officer in the Business and Peace Unit of swisspeace. She assisted in developing swisspeace’s services for private sector actors operating in fragile contexts, including conflict- and context-sensitive risk assessments, crisis management and settlement, as well as stakeholder and community engagement. Recently, she moved to Abuja, Nigeria, to take up her new position as Junior Advisor for Sustainable Economic Development at GIZ.

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* The innovation forum was facilitated by Ernst Bolliger, consultant with EB and Filippo Buzzini visualized the discussions.



VISUALIZATION

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