

Sida Guidelines for Sustainability

How Sida promotes Corporate Social Responsibility (CSR)

Sida works with Corporate Social Responsibility (CSR) in order to promote, influence and collaborate with various actors in good governance and sustainable business practices. Sida policy document “Guidelines for Sida’s work with Corporate Social Responsibility (CSR)” explains how Sida can promote responsible business through cooperation with companies, authorities and civil-society organisations (CSOs) as well as in its own internal processes. This paper is an abstract of those guidelines.

CSR is a way for corporates to voluntarily engage in the integration of social and environmental considerations as well as anti-corruption in their operations and in relation to their stakeholders. CSR operates in this sense as a tool for socially, ecologically and economically development. Sida’s engagement in CSR is supported both on a global level, in the partner countries as well in Sweden and concern all its cooperation with companies, authorities and civil society organizations (CSOs).

Sida shall promote respect for human rights, environmental sustainability, gender equality and anti-corruption, leading by example within its own organization and processes such as contribution assessments, employment terms, procurements, procurements and agreements with partners. Essential to cooperation of all forms is that Sida places high demands on the organisations and companies with which Sida chooses to cooperate¹. Sida also stimulates corporate cultures among both Swedish and international companies that respects human rights, handles its environmental impact at home and outside of





its host country's borders, strives for increased gender equality and fights against all forms of corruption. It is equally important to support work which in various ways identifies and counteracts companies that act irresponsibly. In this context, Sida has the potential to contribute with a rights and development perspective in the CSR area.

SWEDEN'S POLICY FOR GLOBAL DEVELOPMENT & CSR

Sida's CSR guidelines have a natural basis in Sweden's Policy for Global Development (PGD)², which says that the entire government shares the responsibility to contribute to the objective of achieving an equitable and sustainable global development. It also requires all policy areas to formulate and implement policies in a way that takes the effects on developing countries into account and makes use of every opportunity to help achieve the objective.

According to the Policy for Global Development, Sweden shall contribute to increased knowledge and observance of universal codes of conduct and instruments, such as the UN Global Compact principles³ and OECD Guidelines for Multinational Enterprises⁴, through a continuous dialogue with representatives of government, the business sector and civil society in cooperation partner countries. To improve the climate for trade and investment in developing countries, and benefit local business development, the Government aims to promote observance of CSR by increasing knowledge of the principles contained in the above-mentioned frameworks.

LEADING POLICIES FOR SIDA'S CSR-ENGAGEMENT

Sida's commitment and work with CSR is well established in various policies. The Policy for democratic development and human rights⁵ highlights how Sweden prioritizes support to and cooperation with democratic minded actors for change. The Policy for economic growth in Swedish development cooperation⁶ stresses the importance of creating better conditions for sustainable economic growth processes in developing countries. Also, that the business sector's contribution to development improves when companies support and work according to international principles for responsible business. The Policy for environment and climate issues in Swedish development cooperation⁷ establishes that environmental and climate issues and the development of a green economy⁸ are central to all development cooperation. Human rights, sustainable economic development and green growth are all crucial elements for a stronger future, and an important basis for Sida's work with CSR.

Anti-corruption and gender-equality perspective in CSR are other areas that Sida's guidelines include. Sweden has signed several international conventions with the aim of increasing transparency⁹ and reducing the risk of corruption, which means that Sida is responsible through its work to prevent and counteract corruption¹⁰. The guidelines also aim to add a gender equality perspective to CSR, in line with Sweden's thematic priorities and in accordance with the Policy on gender equality and women's rights and roles in Swedish international development cooperation¹¹.

PROTECT, RESPECT AND REMEDY

The framework for Sida's work with CSR is based on Professor John Ruggie's UN report "Protect, Respect and Remedy", which was adopted 2011. Ruggie's report includes three pillars which are meant to provide mutual support and are intended to bridge the gap and create a system which contributes to the observance of human rights¹³. The ILO's core conventions on fundamental working conditions, which deal with issues surrounding child and forced labor, the right to regulated working hours and the right to form a union, serve as a basis for the framework. Equally important to promoting responsibility within business is support to work that identifies and counteracts companies that act irresponsibly.

Protect:

The pillar Protect refers to states responsibility to protect human rights. Sida broadens the concept of responsibility to protect to include the environment, labor legislation, anti-corruption and gender equality. Central to the work is promoting a good environment for responsible business activity in developing countries. As with all development cooperation, it is of course important that contributions are dependent on and adapted to the local context and that measures are based on the needs and demands of the target group. Under the responsibility to protect, Sida also has the role of supporting, in collaboration with actors such as the Ministry for Foreign Affairs' Global Responsibility¹⁵ section, the development and dissemination of knowledge on basic norms and principles such as the UN Global Compact, ILO core conventions, OECD Guidelines for Multinational Enterprises, and ISO standard for Social Responsibility (ISO26000). Sida can contribute to the global dialogue and strive to influence other countries and international institutions to take more responsibility. Although the duty to protect a population is well known and implemented in international law and custom, the problem is how states follow these recommendations with respect to business activities.

Respect:

The second dimension targets the business responsibility to Respect human rights. Sida has a responsibility to respect human rights and other social and environmental issues in its own processes, while its role as an authority can influence the behavior of companies how they act. This can be achieved by placing requirements on cooperation partners in procurement situations, in agreements and cooperation with companies. Sida can also contribute to increasing the capacity of the local private sector, the labor market, NGOs and organizations that can act as an intermediary between these. This work is closely related to both private sector development and collaboration with companies, for example through Sida's Public Private Development Partnership Programme. Another way to extend the

responsibility to respect human rights is to include the proactive taking of responsibility within the business sector. This is about influencing what companies do. Proactive actors can play a huge role by going beyond the legal requirements in countries where national legislation concerning the environment, labor, corruption and human rights is weak or not applied. Strategic cooperation with companies is hence important. Dialogue is an important objective for Sida, who always wish to work to influence partners and other actors to achieve continuing improvements regarding CSR and sustainable development.

Remedy:

Access to formal legal systems is often worst where the need is the greatest. Without proper remedying mechanisms, duties and obligations become vague. Therefore, effective remedying mechanisms play an important role in the state's duty to protect and the corporate responsibility to respect. Extra-judicial mechanisms, regardless of whether they are state-run or independent, should be in agreement with the principles on legitimacy, accessibility, predictability, rights perspectives, fairness and openness. A company's own mechanisms should also work through dialogue and mediation rather than the company itself acting as arbiter. As a part of a company's corporate responsibility to respect human rights, monitoring mechanisms can facilitate identification, mitigation and even the resolution of bad conditions before they grow and cause more damage.



PROTECT	RESPECT	REMEDY
Support the capacity development of governments in partner countries to implement legislations and guidelines concerning human rights, labor-conditions, environment, equality and anti-corruption. Empower states compliance and control mechanisms. Support to global initiatives to develop guidelines, tools and standards. Enable partner countries to participate and influence standardization-processes and international frameworks targeting CSR. Cooperate with companies through policy dialogues to achieve joint development goals.	Follow, support and show commitment to Sida's CSR guidelines and international norms in its own processes as well as in all cooperation. Equal requirements in all collaborations, independent of organization form of the partner. Ensure that adequate impact assessments are performed in order to identify and handle risks and impact concerning CSR-issues, in all contribution assessments. Use procurement as a strategic tool to increase the development impact of goods and services procured by Sida. Strategic collaboration - support to develop sustainable corporations in partner countries as well as collaborating with organizations working for sustainable development. Dialogue with partners for continuing improvements regarding CSR and sustainable development.	Support conflict-resolving mechanisms by, e.g., helping to handle the negative effects of foreign direct investments through multi-party dialogue. Enhance and improve watchdog actors and agencies, as well as civil society organizations to peruse and support corporate responsibility locally in partner countries. Support whistle-blowers (organisations or individuals), to take action in order to identify bad conditions. Support trade unions by improving the ability of trade unions in partner countries to defend employee rights and promote basic work norms and codes of conduct. Support to multi stakeholder-dialogues with companies, agencies and civil society organizations to prevent and find solutions to incorrect situations. Requirements in procurements and action plans.

1. The Strategy for capacity development and collaboration 2011–2013 states that principles for sustainable business and Global Compact are an important basis for cooperation with trade and industry.
2. Sweden's policy for global development 2007/08:89.
3. UN Global Compact's ten principles for corporate responsibility in the areas of environment, corruption, labour legislation and human rights.
4. OECD's Guidelines for Multinational Enterprises (1976) are joint recommendations for companies from the governments of 42 countries. Last updated 2011.
5. Policy for democratic development and human rights in Swedish development cooperation 2010–2014.
6. Policy for economic growth in Swedish development cooperation 2010–2014.
7. Policy for environment and climate issues in Swedish

development cooperation 2010–2014.

8. Carbon dioxide neutral and resource-efficient economy, based on renewable energy sources and sustainable production.
9. Including the UN's Convention against Corruption, the OECD Convention, and several other EU instruments against corruption. Implementation and monitoring the UN's anti-corruption convention is done in cooperation with the Ministry for Foreign Affairs, the Ministry of Justice and Sida.
10. The UN Convention against Corruption (UNCAC) and DAC's Anti-corruption policy are guiding documents, as is the management that exists through the integration of anti-corruption into Sida's Instruction letter. Policy for gender equality and the rights and role of women in Sweden's international development cooperation 2010–2015.

11. Ruggie was appointed UN Secretary General's Special Representative on Business and Human Rights in 2005, to present recommendations how to best govern impacts of corporations on human rights.
12. Promotion and protection of all human rights, civil, political, economic, social and cultural rights, including the right to development. Protect, Respect and Remedy: a Framework for Business and Human Rights. John Ruggie, 2008.
13. ILO's eight core conventions are assembled in ILO's declaration "Fundamental Principles and Rights at Work" from 1998. See www.manskligarattigheter.se or www.ilo.org.