

8th Annual Forum on
Business Ethics and Corporate Social Responsibility in a Global Economy

Human Rights and State Contracts: The UN Principles for Responsible Contracts

Milan, December 13, 2011

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(1906 - 1962)





The UN Principles for Responsible Contracts

1. Context: The Ruggie Mandate on Business and Human Rights
2. Why and how were they developed?
3. Content and what do they aim to do?
4. How are they being used?



Context:



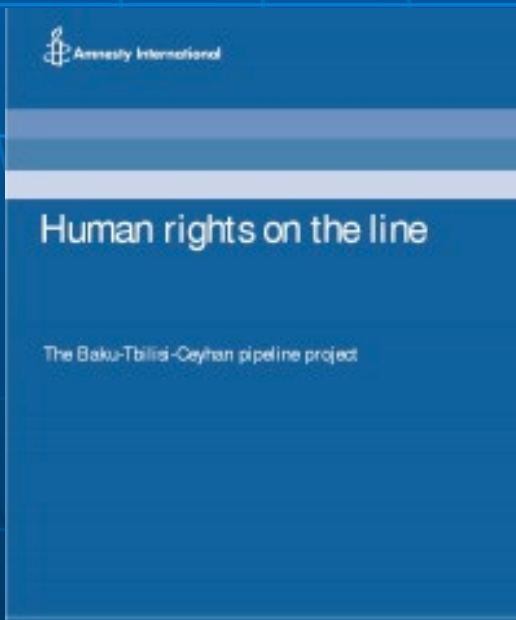
The UN Mandate on Business and Human Rights

- State/Business intersect
- Looking at application of framework among actors in one specific context

WHY? Growing interest in State contracts and Human Rights:

State Contracts:

Agreements between foreign **investors** and **host governments** regarding major investment projects *such as* oil, gas and mining; infrastructure; agriculture; or hydropower



SRSG/IFC Joint Research

88 contracts and models

Major Finding:

Outside OECD >50% insulate investors from environmental and social laws or provide opportunity to be compensated for compliance.

OECD – None of the contracts in the study from OECD countries offer exemptions from new laws, rarely offer an opportunity for compensation

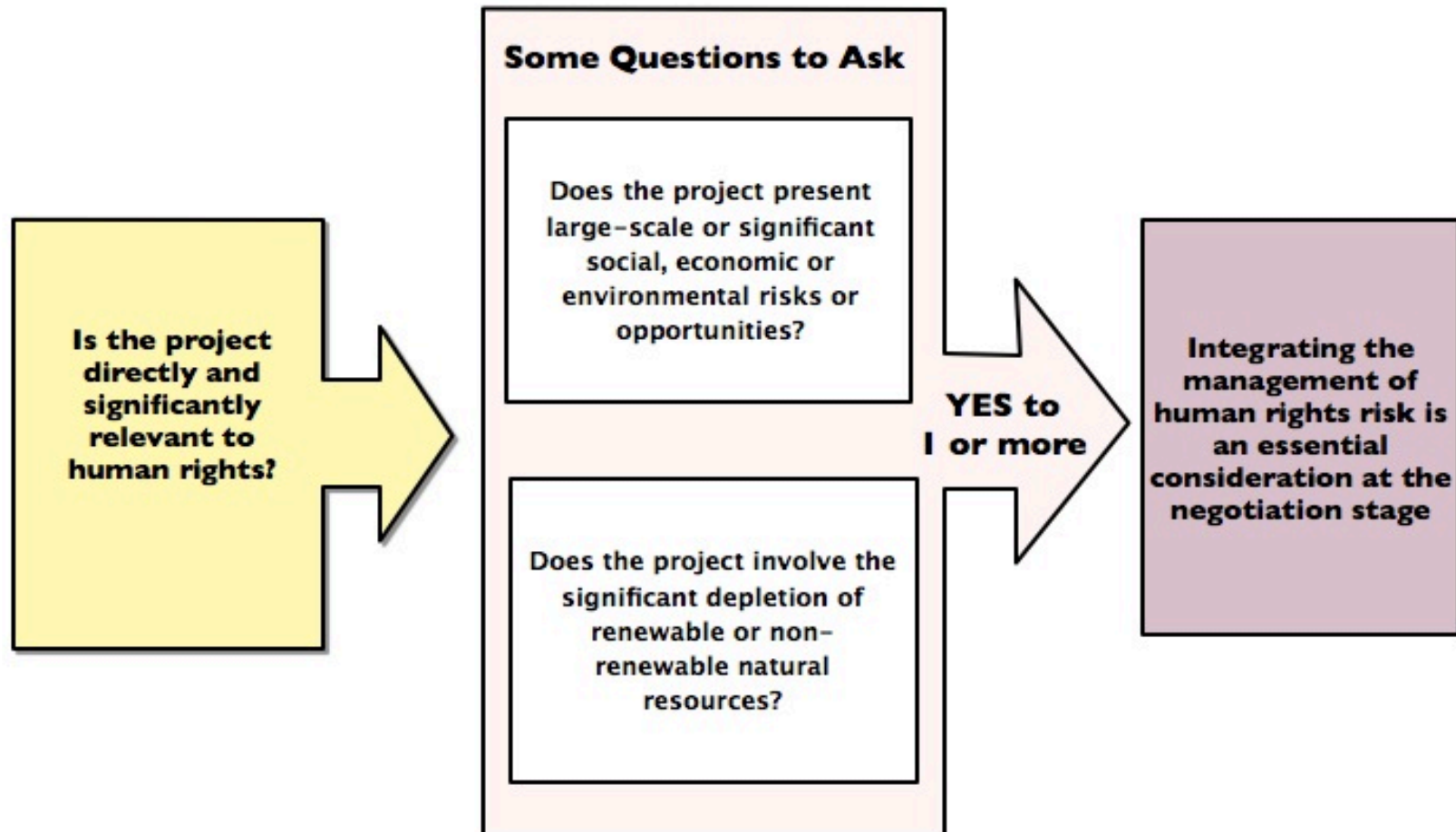


The Process: Stabilization clauses and human rights research and consultations





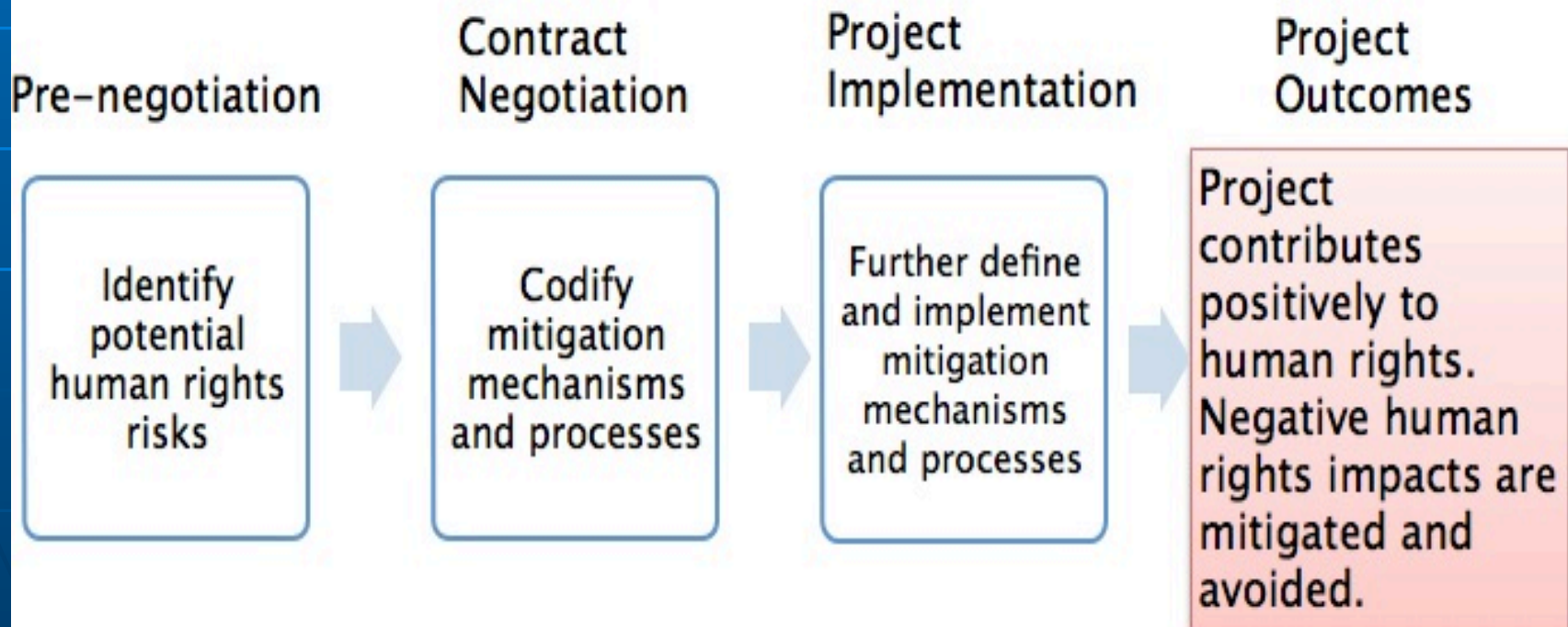
From stabilization to various issues in negotiations





Enhancing Positive Outcomes, Reducing Negative Impacts

**Integrating the management of human rights risks into
investment project negotiations**





The Content: 10 ISSUES

1. Preparation/planning for negotiations
2. Management of potential/known adverse human rights impacts
3. Project operating standards
4. Stabilization clauses
5. "Additional goods or services provision"
6. Physical security
7. Community engagement
8. Project monitoring and compliance
9. Grievance mechanisms for non-contractual harms to third parties
10. Transparency/disclosure of contract terms



The Content: Principles for Responsible Contracts

- Principle
- Key Implications of the Principle for the Negotiation
- Suggested Negotiator's Checklist
- Brief explanation of the issue



Aim: Principles for Responsible Contracts

- Leverage for discussion of issues within companies/governments
- Demystifies/explains human rights for a specific context
- Gives practical indications for what issues should be agreed by close of negotiation



Wider Relevance of the Principles

Practical Implications:

- 1. Ministries, negotiators training and actual negotiations**
- 2. Companies and company associations**
- 3. Parliaments, investors, NGOs, researchers**

Policy Implications:

- 1. Agenda setting on contracts** Implimentation of Guiding Principles
- 2. Guide for policies at multilateral lenders, development agencies, government insurance and guarantees, private lenders**

How are Principles for Responsible Contracts being used?

- Actual negotiations
- Contract analysis and training for executive branch of governments
- Training of Parliaments/NGOs
- Relevant industry associations - discussions within companies

Grazie,
Thank you