European Commission

Tools and Methods Series
Reference Document N° 28

Toolkit on business and human rights

Directorate-General for International Partnerships

January 2021

European Commission
International Partnerships
Rue de la Loi 41 - B-1049 Brussels
Fax: +32 (0)2 299 64 07
E-mail: europeaid-info@ec.europa.eu

Disclaimer: The contents of this publication do not necessarily reflect the official position or opinion of the European Commission. Neither the European Commission nor any person acting on behalf of the Commission is responsible for the use that might be made of the following information.

The European Commission is not liable for any consequence stemming from the reuse of this publication.

Luxembourg: Publications Office of the European Union, 2021

© European Union, 2021

The reuse policy of European Commission documents is implemented based on Commission Decision 2011/833/EU of 12 December 2011 on the reuse of Commission documents (OJ L 330, 14.12.2011, p. 39). Except otherwise noted, the reuse of this document is authorised under a Creative Commons Attribution 4.0 International (CC-BY 4.0) licence (https://creativecommons.org/licenses/by/4.0). This means that reuse is allowed provided appropriate credit is given and any changes are indicated.
For any use or reproduction of elements that are not owned by the European Union, permission may need to be sought directly from the respective rightholders.

Cover © European Union
Cover description: Restitution of land to Maya Q'ueq'chí communities in Alta Verapaz, Guatemala. Result of the negotiation process between indigenous peoples and the Guatemalan government following forced eviction by palm oil companies. Project EIDHR/2017/390-475 'Defending the right to live in peace: Protection and justice for communities and Human Rights Defenders working on territorial conflicts and natural resources in the Polochic Valley'.

Print	ISBN 978-92-76-25271-9	doi:10.2841/308793	MN-03-20-750-EN-C
PDF	ISBN 978-92-76-25270-2	doi:10.2841/049918	MN-03-20-750-EN-N

Tools and Methods Series

Reference Document N° 28

Toolkit on business and human rights

Directorate-General for International Partnerships
European Commission

Brussels • Luxembourg, January 2021

Acknowledgements

This Toolkit has been produced by the Directorate-General for International Partnerships, Gender Equality, Human Rights and Democratic Governance unit G1, headed by Ms. Chiara Adamo, in cooperation with other units within the same Directorate-General, other European Commission services, as well as with the European External Action Service (EEAS).

The EuropeAid Task Manager was Mr. Sébastien Porter, programme manager in INTPA G1. The contribution of the Danish Institute for Human Rights has been instrumental and in particular Ms. Gabrielle Holly, Ms. Elin Wrzoncki, Ms. Tulika Bansal and Mr. Dirk Hoffmann.

Finally, we would like to thank all contributions made by European Union staff in Headquarters and EU Delegations.

CONTENTS

ACKNOWLEDGEMENTS 2
LIST OF ABBREVIATIONS 5
THIS TOOLKIT 6
PART 1: BUSINESS AND HUMAN RIGHTS AND DEVELOPMENT COOPERATION 7
1. Main international frameworks 7
1.1. The UN Guiding Principles on Business and Human Rights 7
1.2. Other relevant frameworks 9
1.3. What is human rights due diligence? 9
1.3.1. Types of business impacts on human rights 9
1.3.2. What are businesses expected to do? 9
2. Why are business and human rights relevant for EU delegations? 10
2.1. EU Policy Framework and Commitments on Business and Human Rights 10
2.2. The private sector, the sustainable development goals and EU development cooperation 11
2.3. Risks and opportunities 12
PART 2: THEORY OF CHANGE 14
PART 3: PRACTICAL GUIDANCE 15
3. Engaging on business and human rights 15
3.1. Getting started: Building internal knowledge and capacity 15
3.1.1. What resources can be used to build internal knowledge and capacity? 15
3.1.2. How could the delegation engage on business and human rights? 17
3.2. Dialogue: Engaging relevant stakeholders 18
3.2.1. How can delegations raise BHR in the context of policy dialogue? 18
3.2.2. How can EUDs raise BHR in dialogue with partners and external stakeholders? 18
3.3. Capacity building: Raising awareness amongst relevant external stakeholders 19
3.3.1. How can delegations build capacity of businesses on BHR? 19
3.3.2. How can delegations help the state build capacity on BHR? 20
3.3.3. How can delegations engage with CSOs and workers representatives on BHR? 21
4. Mainstreaming business and human rights in EU development cooperation 22
4.1. Working with civil society actors: Grants 22
4.1.1. How can grant modality be used to support CSOs to advance business and human rights? 22
4.1.2. What kinds of business and human rights activities can delegations include in a call for proposals? 23
4.2. Working with the state: Budget support and trade policy 25
4.2.1. How can delegations use budget support to advance business and human rights? 25
4.2.2. How can the delegation use EU trade policy and regulations to promote business and human rights? 26
4.3. Working with business: Private sector development and blending 27
4.3.1. How can BHR be used in the context of private sector development projects and support to MSMEs at local level? 27
4.3.2. How is business and human rights considered in blending and guarantees and what is the role of delegations? 28
4.3.3. How can delegations further BHR in the context of public-private dialogue on investment climate? 31
4.4. Regional and global initiatives 32
4.4.1. How can delegations advance business and human rights through EU regional and global initiatives? 32

Index of guidance boxes

Resources and information

BOX 1: Terminology issues: CSR, RBC and BHR 7
BOX 2: National action plans 8
BOX 3: From soft law to hard law: mandatory HRDD 10
BOX 4: Notable measures at EU level 11
BOX 5: Legal and reputational risk 13
BOX 6: Resources on BHR 15
BOX 18: BHR activities that can be included in a call for proposals 24
BOX 24: Key questions when assessing BHR into private sector development interventions 29
BOX 25: Blending and guarantees 29
BOX 26: DFIs environmental and social safeguards and HRDD 30
BOX 27: Blending project with a focus on RBC: Bangladesh 30

Case studies and examples

BOX 7: Getting started on BHR: Experience from Turkey 17
BOX 8: RBC in Latin America and the Caribbean 18
BOX 9: Connecting stakeholders 19
BOX 10: Coordinating with development partners 19
BOX 11: Developing a baseline on business uptake of the UNGPs 19
BOX 12: Technical assistance for business on human rights 20
BOX 13: Helping the state build institutional capacity 20
BOX 14: Supporting the development and implementation of NAP 20
BOX 15: Projects supporting NHRIs and access to remedy 21
BOX 16: Projects supporting CSOs on BHR 22
BOX 17: Projects without an express BHR focus 23
BOX 19: Linking budget support to other BHR actions: Justice and Accountability Sector Reform in Uganda 26
BOX 20: Linking budget support to global actions: FLEGT in Honduras 26
BOX 21: Supporting projects linked to trade agreements 27
BOX 22: Actions leveraging EU regulations linked to EU market access 27
BOX 23: Private sector development projects promoting RBC 28
BOX 28: Examples from other donors integrating BHR in private sector instruments 31
BOX 29: Working with MNEs on RBC: Sida and H&M in the Cambodian garment sector 32
BOX 30: Funding instruments for global and regional projects 32

List of abbreviations

BHR	business and human rights
Commission	European Commission
CM	complaints mechanism
CSO	civil society organisation
CSR	corporate social responsibility
DFI	development finance institution
EEAS	European External Action Service
EFSD	European Fund for Sustainable Development
EIB	European Investment Bank
ESG	environmental, social and governance
EUD	European Union delegation
FLEGT	Forest Law Enforcement, Governance and Trade
GPGC	global public goods and challenges
HQ	European Commission headquarters
HRD	human rights defender
HRDD	human rights due diligence
ICM	independent complaints mechanism
IFC PS	International Finance Corporation Performance Standards
ILO	International Labour Organization
MSME	micro, small and medium enterprise
NAP	national action plan on business and human rights
NHRI	national human rights institution
OECD	Organisation for Economic Co-operation and Development
OECD Guidelines	OECD Guidelines for Multinational Enterprises
OHCHR	United Nations Office of the High Commissioner for Human Rights
RBA	rights-based approach
RBC	responsible business conduct
SDG	sustainable development goal
TSD	trade and sustainable development
UNDP	United Nations Development Programme
UNGPs	United Nations Guiding Principles on Business and Human Rights
VPA	voluntary partnership agreement

This Toolkit

The EU is committed to promoting responsible business conduct (**RBC**) and respect for human rights by business both within Europe and outside Europe. As the official representatives of the EU in third countries, EU delegations (**EUDs**) can play a key role in promoting RBC guidelines and principles, in particular the UN Guiding Principles on Business and Human Rights (**UNGPs**), across its external actions. This can be done through policy dialogue with partner governments and regional organisations, and through support given to civil society and private sector actors.

This Toolkit is primarily designed to support EUDs on business and human rights (**BHR**) issues and provide guidance for how these can be incorporated into development cooperation activities. It will also be useful for colleagues at EU Commission (**Commission**) headquarters (**HQ**) as well as for EU Member States agencies.

The Toolkit also has the purpose of guiding colleagues on the application of the rights-based approach (**RBA**) methodology in EU cooperation and takes into account the greater role that the private sector can play in development.

The Toolkit should be read alongside the European External Action Service (**EEAS**) Reference Document produced in November 2019, which explains some key concepts that EUDs can use to advance BHR and report annually on BHR activities. The Reference Document provides an overview of the various instruments available to EUD within the EU policy framework to engage with host governments and companies and to support civil society, whereas this Toolkit is designed to provide practical guidance on BHR within development cooperation and on how aid modalities interact with one another on the topic.

EUDs play a vital role in supporting the EU's development policy as well as human rights and trade policy outside the EU. This role implies policy coherence across political, trade and cooperation sections and the EUD's engagement with partners and external stakeholders such as governments, European and local companies, civil society organisations (**CSOs**), human rights defenders (**HRDs**) and people living in vulnerable conditions, as well as other donors.

This Toolkit is intended to assist EUDs to:

1. get started with projects and engage with actors with the specific aim of furthering respect for human rights by business; and

2. recognise BHR as a cross-cutting, horizontal issue in development cooperation to be considered across all sections in EUDs.

The Toolkit consists of the following three parts.

- **Part 1**, which explains the interconnections between BHR and development cooperation, introducing key concepts and relevant documents.

- **Part 2**, a theory of change, which explains how taking BHR into consideration in EU development cooperation can lead to positive development results.

- **Part 3**, a practical guidance section which provides specific guidance alongside case studies and examples from existing EU and non-EU actions. This section gives practical guidance on how to get started on BHR and is structured around activities the EUD can support with a focus on the key stakeholders involved: CSOs, state institutions, and business actors. The section also looks at global and regional initiatives.

Part 1: Business and human rights and development cooperation

1. Main international frameworks

1.1. The UN Guiding Principles on Business and Human Rights

The UN Guiding Principles on Business and Human Rights (UNGPs) aim to address the question of what responsibilities businesses have with respect to human rights by setting out the respective duties and responsibilities of state and business actors for preventing and addressing the risk of negative human rights impacts by business activities. The UNGPs are a soft law instrument and do not create new obligations under international law, but rather restate existing international law obligations of states and set out the responsibilities of business actors. They were unanimously endorsed in 2011 by the UN Human Rights Council and remain the authoritative standard on BHR today. The EU endorsed the UNGPs in 2011 in the renewed Strategy for corporate social responsibility (**CSR**).

BOX 1: Terminology issues: CSR, RBC and BHR

In the past decade there has been an increasing expectation that businesses should take responsibility for people, the planet and society. This expectation is captured by different terms:

— **Corporate social responsibility (CSR)** was given a new definition in the EU's 2011 CSR Strategy as **the responsibility of enterprises for their impacts on society**, moving away from a previous voluntary approach to CSR. However, outside the EU, the term CSR is often associated with softer, voluntary actions by companies and corporate philanthropy that are not always related to companies' core business activities or impacts.

— **Responsible business conduct (RBC)** is a term developed by the OECD in its Guidelines for Multinational Enterprises. It refers to business (a) making a positive contribution to economic, environmental and social progress with a view to achieving sustainable development, and (b) avoiding and addressing adverse impacts related to an enterprise's direct and indirect operations, products or services. It covers human rights including labour rights, environment, and anti-bribery and corruption.

— **Business and human rights (BHR)** is a term closely associated with the UNGPs. It touches on many aspects of RBC and is focused specifically on the human rights impacts of business. It refers to the duties of states to protect against human rights abuses by companies, the responsibilities of business actors to respect human rights in their operations and business relationships and the need for access to remedy where abuses occur.

Although there are differences between these concepts, they all call on business to make a positive contribution to sustainable development through managing risks and impacts resulting from their operations and business relationships, and expect business to go beyond simply complying with local laws or industry practices, or 'offsetting' negative impacts through philanthropy.

Although the definition of CSR used by the EU is aligned with the concept of RBC, because of the broader association of CSR with corporate philanthropy, this Toolkit will use the terms RBC and BHR only.

The UNGPs cover all internationally recognised human rights as set out in the International Bill of Human Rights, consisting of the Universal Declaration of Human Rights and the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights, as well the International Labour Standards, including the eight International Labour Organization (**ILO**) fundamental Conventions protecting labour rights. Additional instruments protecting the rights of specific groups such as indigenous peoples, members of ethnic minorities, persons

with disabilities, children, and women are also relevant. The responsibility to respect human rights encompasses not only the business's own activities and operations but also its business relationships.

The UNGPs framework is built around the following three pillars.

— The **state duty** to protect human rights against human rights abuses by third parties, including business enterprises.

— The **responsibility of businesses** to respect all human rights in their operations and business relationships by avoiding harm to people's human rights, and addressing any negative impacts which do occur.

— The right to **access an effective remedy** for those whose human rights have been harmed, which requires the contribution of both state and business actors.

The state duty under the UNGPs recites existing international law obligations of states and states may enact and enforce a smart mix of policies, laws and regulations in furthering the UNGPs. The UNGPs emphasise the need for states to ensure coherence across all relevant policy and legislative areas, including labour, environmental protection, land, corporate governance, disclosure and listing rules, and import and customs restrictions, as well as in trade and investment laws and international cooperation.

National action plans on business and human rights (**NAPs**) have emerged as an important tool for states to take stock of current implementation of the UNGPs and identify concrete actions to address business-related human rights challenges.

BOX 2: National action plans

All states are encouraged to develop and implement NAPs. In the EU, the EU 2011 CSR communication called on Member States to adopt NAPs. As of October 2020, 15 EU Member States had adopted such plans. Outside of the EU, the EU and its Member States have taken an active role in encouraging partner countries to develop NAPs through, for example, recommendations during the Universal Periodic Review process or in the course of development cooperation.

Resources on NAPs:

— guidance from the UN Working Group on Business and Human Rights;

— a toolkit for developing a NAP from the Danish Institute for Human Rights;

— a list of countries which have implemented or are in the process of implementing NAPs; and

— an analysis of existing NAPs by issue.

The business responsibility to respect human rights requires that businesses ensure that they do not negatively impact on anyone's human rights. Human rights due diligence (**HRDD**) is a process through which businesses address this responsibility. See Section 1.3 below for more on HRDD.

Access to effective remedy is a shared responsibility of both the state and business. The state has an obligation to establish judicial and non-judicial avenues to remedy for victims and ensure that these mechanisms are accessible and effective. The business responsibility requires cooperating with existing remedial mechanisms and establishing operational-level grievance mechanisms in accordance with effectiveness criteria set out in the UNGPs.

1.2. Other relevant frameworks

The following frameworks also concern RBC and respect for human rights by business actors, and make reference to the UNGPs.

— The 2000 UN Global Compact is a voluntary framework which outlines 10 broad principles in the area of human rights, labour, environment and anti-corruption that companies signing up to the initiative commit to uphold. Signatories to the Global Compact are required to communicate on progress on an annual basis. Local networks of the UN Global Compact support companies and other stakeholders to advance the 10 principles.

— In 2011, the OECD revised its Guidelines for Multinational Enterprises (**OECD Guidelines**), which provide recommendations on responsible business conduct across a range of issues including human rights, anti-corruption, consumer interests, industrial relations and the environment. The OECD Guidelines require OECD member countries and other adhering countries to establish national contact points to which breaches of the Guidelines can be reported and mediated. In addition, the OECD has produced sector-specific guidance on RBC for the extractive and financial sectors and for agricultural, mineral and garment supply chains.

— The 2017 edition of the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and social policy provides guidance to enterprises on social policy and decent work.

In addition, there are a number of voluntary standards and guidance materials developed by industry associations and multi-stakeholder initiatives. The Standards Map, a database supported by the EU and maintained by the International Trade Centre contains information on voluntary sustainability standard schemes, as well as e-learning modules.

1.3. What is human rights due diligence?

1.3.1. Types of business impacts on human rights

A business activity may lead to adverse impact in the following three ways.

— The business may **cause** adverse human rights impacts through its own activities, for example, by causing a community resettlement that is not in line with international good practice, by causing pollution in violation of the right to a healthy environment, or through a failure to respect freedom of association or other labour rights among the company's own workers.

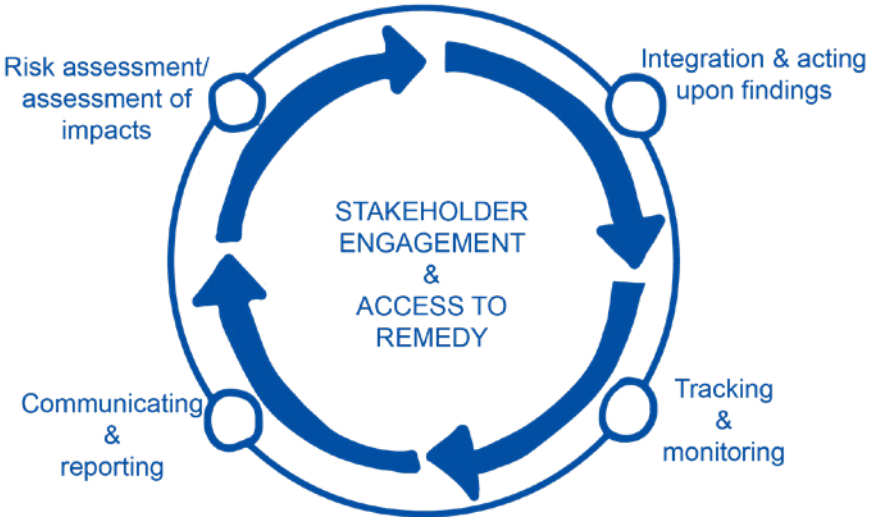
— The business may **contribute to** adverse human rights impacts, for example, by creating incentives for another actor to abuse human rights, such as by negotiating low-cost and quick-turnaround times with a supplier which causes the supplier to engage in labour abuses, or by facilitating or enabling an abuse, for example, by providing personal information about users of an online social networking service to a repressive regime.

— The business operations, products or services may be **directly linked** to adverse human rights impacts through a business relationship with a supplier, for example, where a company is sourcing components for electronic equipment from suppliers that use minerals sourced from conflict-affected areas.

1.3.2. What are businesses expected to do?

Businesses should avoid causing or contributing to adverse human rights impacts and seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services. This means that a business needs to take into account potential and actual adverse human rights impacts throughout its value chains.

The UNGPs set out the expectation that businesses should respect human rights by using a process of HRDD. HRDD is a process under which it is possible to identify, prevent, mitigate and account for how a business addresses the adverse human rights impacts with which it is involved. The stages of HRDD are set out in the following graphic.



HRDD builds on the concept of corporate due diligence, but rather than focusing on risks to the business the focus of the due diligence is on risks to people and the enjoyment of their rights.

The OECD Due Diligence Guidance for Responsible Business Conduct contains detailed guidance on conducting due diligence aligned with the UNGPs.

BOX 3: From soft law to hard law: mandatory HRDD

At national level, there are increasing efforts by states to include mandatory HRDD obligations for businesses in their national laws, some of which could involve the imposition of a legal duty of care despite the fact that the UNGPs are a soft law. Examples include legislation aimed at the elimination of forced labour, such as the 2015 UK Modern Slavery Act or the 2019 Dutch Child Labour Due Diligence Law, or legislation including broader environmental and HRDD obligations, such as the 2017 French Duty of Vigilance Law.

At EU level, the Directorate-General for Justice and Consumers commissioned a report released in 2020 on options for regulating human rights impacts in the supply chain. The Commission has also announced an initiative on sustainable corporate governance to be put forward in 2021 in its recent communication 'Europe's moment: Repair and Prepare for the Next Generation'. This initiative may include new rules on 'directors' duties' (Boards or CEOs) with respect to due diligence on sustainability impacts such as climate change, environmental, and human rights harms in their own operations and in their value chain.

In addition to legislative developments at national and European level, an intergovernmental working group within the United Nations is mandated to elaborate a legally binding international agreement to regulate, in international human rights law, the activities of transnational corporations and other business enterprises. Although the EU is not formally engaged in the negotiations, it has participated in the discussions since 2015.

2. Why are business and human rights relevant for EU delegations?

2.1. EU Policy Framework and Commitments on Business and Human Rights

Since the EU's endorsement of the UNGPs in 2011 in the renewed Strategy for CSR (2011-2014), the EU has taken steps to implement the UNGPs and it has enacted a body of legislation on BHR and RBC which is described in the box below. An overview of progress of the EU on RBC and CSR was published in 2019.

BOX 4: Notable measures at EU level

— The timber regulation (**2010**/995), which sets out due diligence requirements to prevent the sale of illegally harvested timber in the EU.

— The non-financial reporting directive (NFRD) (**2014**/95/EU) introduced disclosure requirements on large listed companies, banks, and insurance companies on environmental and social issues, including disclosures on due diligence processes used to manage adverse impacts. This directive is currently being reviewed with the aim of possibly incorporating a set of European sustainability reporting standards for adoption in 2021.

— Trade for all, the **2015** EU trade and investment policy, sets out to promote human rights and responsible business standards, notably in the context of the trade and sustainable development (**TSD**) chapters in EU free trade agreements.

— In **2016**, the EU adopted Council Conclusions on Business and Human Rights, reiterating its support for the implementation of the UNGPs both within and outside the EU, and recognising that corporate respect for human rights is indispensable to realisation of the sustainable development goals (**SDGs**).

— The conflict minerals regulation (**2017**/821) which sets out supply chain due diligence obligations on EU importers of tin, tantalum, tungsten, and gold from conflict-affected or high-risk areas and will become binding in 2021.

— The EU Renewed Sustainable Finance Strategy of **2020** entails a comprehensive EU Strategy to harmonise the sustainability reporting regime for investors, define a common taxonomy for sustainable activities, and mainstream sustainability into risk management of investors.

— The EU Action Plan on Human Rights and Democracy (2020-2024) commits to actions such as supporting partner countries in the implementation of the UNGPs (including through the adoption of NAPs), engaging with business and financial institutions to uphold and promote human rights, and assisting EUDs to step up their engagement on BHR.

The EU Green Deal contains a number of forthcoming measures, including: a Circular Economy Action Plan, which contains measures aimed at reducing waste in the textiles, electronics and ICT, plastics and food packaging sectors as well as consumer protection against greenwashing; support for the global transition to sustainable agri-food systems as part of the Farm to Fork Strategy; measures to support deforestation-free value chains as part of the 2030 Biodiversity Strategy; and measures to achieve living wages and avoid child labour in the cocoa sector. Among all new initiatives, it remains important to recall that the EU supports the system of International Labour Standards and system of ILO conventions and protocols reflected in the legislation of ratifying countries and continues to promote them in EU development and trade policy.

2.2. The private sector, the sustainable development goals and EU development cooperation

The 2030 Agenda and its 17 SDGs build on and reflect major multilateral agreements and frameworks, including on human rights. Over 90 % of the goals, targets and indicators implicitly or explicitly reference international labour and human rights norms. The 2030 Agenda calls on business to deploy its innovation capacity towards the realisation of the SDGs, while insisting on the importance of RBC and referring to the UNGPs and business respect for human rights.

The EU Consensus on Development, adopted in 2017, aligns with and supports the implementation of the 2030 Agenda. It also recognises the need to promote RBC in the context of the EU's development cooperation activities and commits the EU and its Member States to implementing a **RBA** to development cooperation, with the aim of integrating human rights principles and standards into the design, implementation, monitoring and evaluation of all development policies and programmes.

The 2030 Agenda, the Addis Ababa Action Agenda and the EU Consensus on Development have reiterated the critical role that business can play in achieving development goals and encourage further collaboration of development actors with the private sector. This has also been recognised by the EU in a 2014 communication on the role of the private sector in achieving inclusive and sustainable growth in developing countries.

The engagement of the private sector in development cooperation materialises in a number of ways. As we explore further in Part 3: business may be engaged in public–private dialogue and multi-stakeholder initiatives (see Section 3.2); businesses might be the target of development cooperation supported initiatives led by CSOs aiming to change business practices (see Section 4.1); the private sector in partner countries may be the target of development cooperation actions involving state actors, such as budget support or actions leveraging EU trade policy (see Section 4.2); the local private sector might be targeted directly through private sector development programmes which provide assistance in particular to micro, small and medium enterprises (**MSMEs**), or through financial instruments which include loans, equities and guarantees to the private sector provided through development finance institutions (DFIs) (see Section 4.3). In addition, development agencies might procure goods and services from the private sector and need to be conscious about their own responsibilities as an employer.

2.3. Risks and opportunities

RBC and exercising HRDD help to prevent and mitigate risks of harm to people as well as reputational, legal and economic risks for businesses themselves but also create opportunities for businesses and society in general. EUDs can play a key role in engaging with business actors to enhance their understanding, capacities and knowledge of BHR, including by communicating with business on the 'business case' for respecting human rights and implementing the UNGPs. Useful resources for business can be found below at Box 6.

Political and social stability – exemplified by the rule of law, strong public institutions and respect for civic freedoms – are prerequisites for a conducive investment climate, sustainable and inclusive economic growth, and less corruption. Businesses can not only benefit from these conditions, but use their leverage to protect civic space and support HRDs and contribute improvements in the overall political, legal, natural and economic environment in which they operate.

The UNGPs encourage businesses to use their leverage with their business partners, including throughout global supply chains, to advance respect for human rights, thereby creating a multiplier effect. In the same vein, the establishment of stronger human rights standards can also create, with other businesses, mutually reinforcing synergies with environmental standards that are often the first incremental step in occupational health and safety for workers and environmental management. In this perspective, Green/Circular Economy standards and RBC/BHR are important cross-cutting issues that should be addressed simultaneously to reinforce the sustainable development of value chains.

Businesses can benefit from knowing and showing that they respect human rights and gain a competitive advantage. There is evidence that respecting labour rights contributes to better performance in factories including increased productivity and fewer instances of absenteeism and strikes, leading to increased profitability. Research from the Better Work programme found that factories experience a 5.9 % increase in profitability when workers perceive improvements in working conditions.

Respect for human rights can also help obtain a 'social licence to operate' and avoid conflicts with communities which can generate significant costs for businesses. Companies connected to human rights abuses increasingly expose themselves to sizeable legal claims as well as reputational risk. This in turn can impact on credit ratings and access to finance.

Businesses with strong human rights performance are more capable of responding to market trends, including consumer and investor scrutiny. Survey data has shown that 66 % of consumers would stop purchasing a product if they became aware that its manufacture involved modern slavery. Investors are increasingly expressing their expectations that companies live up to certain environmental, social and governance (**ESG**) standards and increasingly pay attention to human rights through initiatives such as the Corporate Human Rights Benchmark. A recent meta study of over 2 000 studies found evidence supporting the business case for ESG investing. Businesses undertaking HRDD can also better anticipate regulatory trends (such as those described above at Box 3).

Businesses who respect human rights can also gain access to other benefits such as eligibility for public procurement or trade and investment support, and can gain EU market access through adherence to standards in EU regulations, such as those on conflict minerals and timber.

The COVID-19 crisis has created major disruptions in the global economy and exposed vulnerabilities and human rights abuses in global supply chains, clearly underlining the urgent need to integrate RBC in measures aiming to build back the economy. There is emerging evidence that businesses which invested in creating safe and healthy workplaces and engaged in responsible business practices showed more resilience during the COVID-19 crisis.

The duty to protect under the UNGPs involves activities by EU Member States, as well as by the EU. Through the Treaty of the European Union (Articles 2 and 21) and the EU Charter of Fundamental Rights, the EU is bound to respect and promote human rights, including in its external actions. The EU plays an important role in protecting, promoting and furthering human rights and in supporting its Member States in effectively fulfilling their obligations under the UNGPs. Businesses receiving support through EU development cooperation, and EU development cooperation agencies themselves, as well as their implementing partners, also have responsibilities under the respective pillars of the UNGPs.

The EU cannot afford activities funded by the EU to negatively impact human rights.

The Accountability Console database provides an overview of complaints from communities to accountability offices of DFIs. For more on managing risks in the context of DFIs, see Section 4.3.

BOX 5: Legal and reputational risk

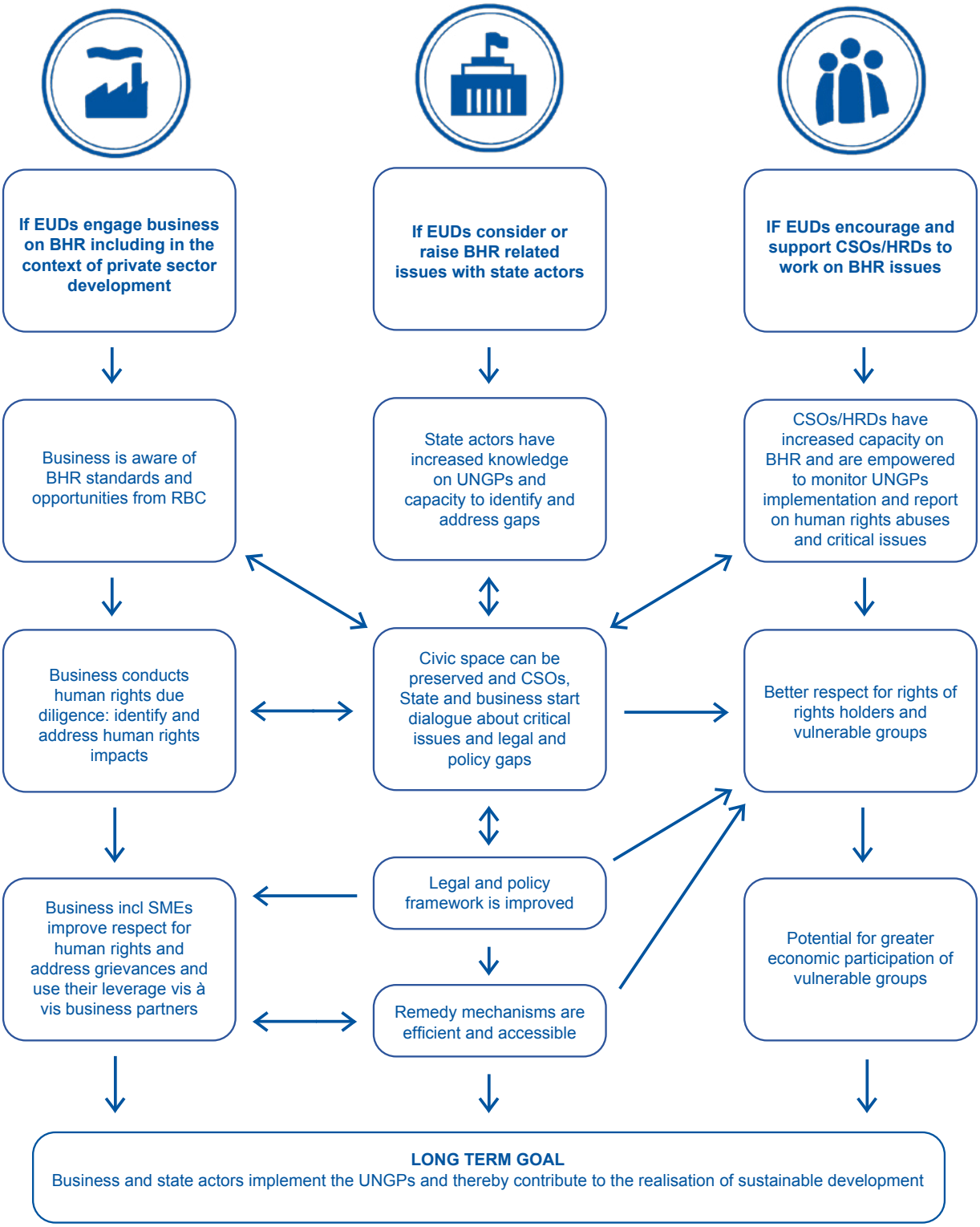
— The EU-funded 'Water Towers' programme has faced difficulties because the Kenya Forest Service, one of its project partners, has been found to have carried out forcible evictions of communities of indigenous peoples from one of the Water Towers areas. As a consequence, in January 2018, the EU suspended two components of the programme following the killing of a member of the local indigenous community and shooting of another by Kenyan Forest Service guards.

— In 2019, the European Ombudsman concluded that the European Investment Bank (**EIB**) had mishandled in a timely manner complaints about a major mining project it financed in Madagascar. The Ombudsman noted that 'As the EU's bank financing projects within and outside the Union, the EIB's activities have an impact on the EU's reputation' and recommended that it prepare an action plan to address outstanding environmental, health and safety issues and follow up on its implementation. (See Box 26 for further information on safeguards by DFIs).

The EU can leverage its development cooperation with business, states, and CSOs to maximise opportunities and reduce risks though mainstreaming of RBC. For a visualisation of these opportunities, please see the theory of change in Part 2.

Part 2: Theory of Change

PROBLEM STATEMENT
The human rights impacts of the private sector are not sufficiently taken into account in development cooperation, which can contribute to human rights abuses and impede realisation of the SDGs



By recognising these interlinkages, by viewing BHR as a cross-cutting issue, and involving all relevant sections within EUDs, using a holistic approach, the EU can maximise the effectiveness of development cooperation.

Part 3: Practical guidance

3. Engaging on business and human rights

BHR is a horizontal issue relevant across all sectors, aid modalities and geographic locations. EUDs operate in quite different contexts and their on-the-ground knowledge is critical to determining which activities suggested in this part will be most valuable in a given context, as there is no one-size-fits-all approach. Examples from EUDs are included in text boxes throughout this Toolkit.

For EUDs getting started on BHR, there are a number of steps that can be taken to build capacity and begin taking action on the issue in the local context. These include the following steps.

1. Getting started: Building internal knowledge and capacity.
2. Dialogue: Engaging relevant stakeholders.
3. Capacity building: Raising awareness amongst relevant external stakeholders.

3.1. Getting started: Building internal knowledge and capacity

3.1.1. What resources can be used to build internal knowledge and capacity?

Building internal capacity on BHR is an important first step, enabling the EUDs to understand how BHR concepts and the specific BHR context in their country touch on their work. The three pillars of the UNGPs are a useful tool to help the EUD understand the respective roles and responsibilities of state and business actors, how the work of the EUD can assist these actors to discharge their responsibilities, and provide support to CSOs and HRDs who monitor progress and hold state and business actors accountable.

Identifying and capitalising on local opportunities can be a way of gaining momentum on BHR. The starting point is an assessment of the level of protection of human rights in a country, including a mapping of relevant conventions that have been ratified, relevant clauses in trade agreements, transposition in national laws, and level of access to remedy.

Opportunities can be leveraged where a state is engaging in law reform efforts, negotiation of trade agreements, accession, or other political processes, such as becoming a member of the OECD, or UN mechanisms such as universal periodic reviews.

BOX 6: Resources on BHR

General resources

— **The Business and Human Rights Resource Centre** operates an online portal containing resources, which can be filtered by country, sector and individual company. It can be a useful starting point to get a general sense of the issues in a given country context through a BHR lens, as well as information on the reported human rights impacts of companies which operate in the country.

— **United Nations Office of the High Commissioner for Human Rights (OHCHR) Database**: the OHCHR maintains a database of BHR resources available here.

— See also the resources on NAPs set out in Box 2 of this Toolkit.

Resources related to Pillar 1 of the UNGPs (State duty to protect human rights)

— **Recommendations from international human rights mechanisms on BHR**: including reports from the UN Working Group on Business and Human Rights to the Human Rights Council, the General Assembly; reports

of country visits from the UN Working Group on Business and Human Rights, UPR Reports and OHCHR country pages are also useful resources.

— The ILO supervision system on application of International Labour Standards and ILO International Training Centre-related trainings on their implementation.

— **Legal and regulatory developments**: Business and Human Rights in Law, and the European Coalition for Corporate Justice which map legal and policy developments on BHR in Europe.

Resources related to Pillar 2 of the UNGPs (Corporate responsibility to respect human rights)

— **Using the UNGPs**: OHCHR Interpretative Guide on the Corporate Responsibility to Respect Human Rights

— Doing business with respect for human rights provides practical advice and real-life examples for companies.

— Human Rights translated 2.0: provides company managers and staff with essential knowledge of what human rights are and how they are relevant for business.

— The EU has published a Guide on human rights for SMEs.

— The ILO Helpdesk for Business: provides guidance for business on international labour standards.

— The OECD Due Diligence Guidance for Responsible Business Conduct: provides practical guidance for businesses on how to conduct due diligence to identify, prevent or mitigate and account for negative impacts.

— **Assessing human rights impacts**: The Human Rights Impact Assessment (HRIA) Toolbox.

— **Sector-specific guidance**: the OECD has developed sector-specific due diligence guidance for the extractive, and finance industries as well as for mineral, agricultural and garment supply chains. The EU has developed guidance for employment and recruitment agencies, oil and gas and ICT companies.

— The UN Global Compact Library: contains a range of resources, including on decent work and ending child and forced labour in global supply chains, women's empowerment, and good practice on BHR.

— The UNGP Reporting Framework: provides guidance for companies to report on the implementation of the UNGPs.

Resources related to Pillar 3 of the UNGPs (Access to remedy)

— The OHCHR Accountability and Remedy project reports credible and workable recommendations to enable consistent implementation of the UNGPs in the area of access to remedy.

— A recent report from the Fundamental Rights Agency considers barriers for access to remedy in Europe in the area of BHR, including for harm occurred outside of the EU.

— The International Federation for Human Rights: guide on remedy mechanisms.

EUDs can also build their own capacity and networks with BHR experts by attending events with a BHR focus, such as the UN Annual Forum on Business and Human Rights, the OECD Global Forum on RBC, regional forums or BHR sessions at EU events such as the Annual Forum for human rights and civil society focal points.

A number of EU tools and policies are relevant to BHR. The EU policy framework on BHR is set out as Part 1 of this Toolkit. The RBA Toolbox which provides guidance for Commission staff on adopting a RBA to development cooperation is presently being updated to refer to the SDGs, gender mainstreaming and implementation of the UNGPs. Other EU human rights guidelines on Non-Discrimination, Rights of the Child, Human Rights Defenders, Elimination of violence and Discrimination against Women and Girls, LGBTI Rights and Freedom of Expression are also relevant. Additionally, HQ colleagues at the Directorate-General for International Partnerships and the EEAS working on human

rights, decent work and private sector support can be a valuable resource to direct EUDs to resources and practices and connect them with other EUDs.

3.1.2. How could the delegation engage on business and human rights?

BHR is a cross-cutting issue, and coordinating activities across sections in delegations is the most effective way to advance the BHR agenda. The human rights focal point in the EUD can have a key role in advancing the issue internally, supported by the Head of Cooperation and the Head of Delegation. Identifying opportunities to have dialogue with colleagues across Political, Trade, Economic Development and Operations sections dealing with governance and civil society matters, whether formal or informal, is an important step to understanding how BHR is relevant across all activities of the EUD. For example, in the context of trade negotiations, colleagues in the Operations section working on governance and CSO issues can collaborate with their counterparts in the Trade section to ensure CSO involvement in trade negotiations, (see further the case study from Vietnam in Box 21). A good starting point is a meeting with all involved to introduce BHR standards, communicate their relevance across sections, and begin cross-section collaboration. The outcome of this coordination can be reflected in the CSO Roadmaps for EU engagement with civil society or the Jobs and Growth Compacts that detail the strategic approach to private sector development. These tailored strategic tools can be used as a point of departure in localising BHR.

BOX 7: Getting started on BHR: Experience from Turkey

First steps

1. **Identify colleagues within your EUD from different sections with whom you can collaborate**.

— The Turkey EUD has identified colleagues who have an interest in BHR and see the relevance of the issue for their work from the Governance, Trade and Economy and Political sections and has created an informal working group.

2. **Build capacity and networks**.

— The Turkey EUD has identified opportunities to engage with others on BHR, including through participation at EU events, such as the annual forum involving human rights and civil society focal points working in EUDs and attendance at the UN Annual Forum on Business and Human Rights in Geneva to build capacity, connect with experts and build networks.

3. **Identify relevant stakeholders in your context and create space for dialogue**.

— In July 2019, the EUD organised, implemented and funded a small consultation to discuss BHR with CSO actors and invited guests from employers' associations and the government to gauge the level of knowledge and interest in engaging on BHR. This was done within the framework of a technical assistance service contract which could accommodate an event on BHR within the scope of its terms of reference. The event was followed by a roundtable with around 50 representatives of civil society, academia, and media, as well as invited experts.

— These consultations prepared the ground for a National Civil Society Forum in January 2020 with more than 230 representatives from government, the private sector, CSOs, EU Member States, academia and international organisations participating, as well as invited experts from the UN Working Group on BHR, the Business and Human Rights Resource Centre and the Danish Institute for Human Rights. The Forum was a first step to raise awareness on BHR-related issues, test the ground for further actions, and create networks among different stakeholders.

— On the sidelines of the Forum, the EUD organised and participated in side meetings between a member of the UN Working Group on BHR with representatives from the Turkish Ministry of Foreign Affairs, the Ministry of Industry and Technology (also hosting the OECD National Contact Point), and the Ministry of Trade. The EUD continued to engage ministries directly on the topic afterwards.

Next steps

4. **Begin programming projects on BHR.**

— Following the consultations described above, the Turkey EUD is now in the process of programming a Pilot Action on BHR under the Civil Society Facility 2020 for a total amount of EUR 1.2 million. The action aims to promote the UNGPs and sustainable business conduct in Turkey.

3.2. Dialogue: Engaging relevant stakeholders

3.2.1. How can delegations raise BHR in the context of policy dialogue?

Dialogue with partner country governments can take place within a structured process, such as formal human rights dialogues, dialogues on economic development or trade, or it can be conducted through informal channels. Policy dialogue is an important part of budget support operations, which provide unique leverage to tie support to the integration of human rights considerations including environmental issues into initiatives aimed at economic development (see Section 4.2.1 for further information on budget support). The EUD can encourage legal or policy reforms that regulate human rights impacts of business, create an enabling environment for RBC and protect HRDs. For example, the system of International Labour Standards that guides labour legislation at country level can be used to integrate labour rights in policy dialogue. Also, in the event that negative human rights impacts by EU companies or EU investments have been brought to the EUD's attention, this can be raised in the context of policy dialogue. Further guidance on policy dialogue can be found in the EEAS Reference document for EUDs on BHR.

Using 'responsible business' vocabulary may be an asset in certain environments where raising human rights issues can be challenging, as it reframes the discourse and makes the business case more effectively by focusing on incentives rather than risks (see Section 2.3). In contexts where an 'investment-at-all-costs' environment makes BHR issues difficult to raise, it may be possible to get more traction by focusing on specific issues, such as core labour rights, greening the economy, natural capital asset and resource stewardship, investors' appetite for ESG standards and integration of risks by business, women's empowerment, or support to MSMEs. EUDs can also encourage the state to invite the UN Working Group on Business and Human Rights to visit the country and act on any recommendations made.

BOX 8: RBC in Latin America and the Caribbean

This 4-year EU-funded programme (PI/2018/398476 and 395518), implemented by the ILO, OECD and OHCHR, seeks to promote and enable RBC in nine countries (Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, Mexico, Panama and Peru). As part of the project, the OECD conducts RBC Policy Reviews, examining policies in the areas covered by the OECD Guidelines as well as in other areas through which the government can leverage and incentivise responsible business practices. The review of Peru published in June 2020 presents actionable recommendations to help the Government of Peru advance RBC in laws and policies.

3.2.2. How can EUDs raise BHR in dialogue with partners and external stakeholders?

EUDs are well placed to connect with stakeholders in the local context to support the creation of alliances on BHR. This can be done by supporting the strengthening or establishment of forums, like local networks of the UN Global Compact or OECD national contact points, or by identifying or supporting new opportunities for convening and facilitating multi-stakeholder dialogue on BHR and RBC, or supporting coalition-building efforts. The EUD can also contribute to connect and support stakeholders, including trade unions and workers representatives, in their dialogue with companies, CSOs, investors and state institutions to advance sustainable development and mitigate the negative impact of business activities on the human rights of the sectors of the population in the most vulnerable conditions, including women, children, indigenous peoples, and HRDs. The EUD can also address BHR issues with the private sector directly in the context of public–private dialogue.

BOX 9: Connecting stakeholders

In Guatemala, a joint effort with OHCHR (CSO-LA/2017/391528) is promoting dialogue between the palm oil industry, CSOs and state institutions present in the indigenous peoples' territories most affected by this industry. This action complements another project (EIDHR/2019/408-037) implemented by OHCHR, which focuses on the protection measures for HRDs and in the promotion of inter-sectorial dialogue on BHR, with emphasis on the palm oil industry.

In addition, the EUD has worked to identify allies among business actors (including business associations) and among CSOs, who could be mobilised to advance BHR in their context by encouraging them to use their leverage with other actors. Different stakeholders ranging from business representatives to indigenous leaders are invited to participate in multilateral events to exchange good practices and challenges.

Engagement with partners and stakeholders is an important element for advancing BHR in the local context, including through relevant aid modalities and design of activities. Synergies with existing projects can be considered which may not have an express BHR focus but which nonetheless give rise to BHR issues, such as projects designed to improve labour conditions, promote women's economic empowerment, or safeguard land rights of indigenous peoples where businesses are involved (see Boxes 18 and 23 for examples). The EUD can also collaborate with other donors working in local contexts or engage with Member States. In this sense, Team Europe Initiatives can be complementary.

BOX 10: Coordinating with development partners

The EUD in Guatemala participates in a Working Group on BHR, led by the Canadian Embassy. This group meets monthly and is composed of embassies from the EU and the region. Other members include the Inter-American Development Bank and UN agencies, the ILO, OHCHR, the Organisation of American States, the United Nations Development Programme (**UNDP**) and the EUD. Its objective is to exchange best practices between donors and facilitate dialogue between business, state institutions and CSOs.

3.3. Capacity building: Raising awareness amongst relevant external stakeholders

Building the capacity of state actors, CSOs, and businesses can contribute to a gradual maturation and joint understanding of BHR and RBC. Integrating such capacity-building activities on BHR into project programming is an effective way for EUDs to support this process. See Box 6 for additional resources on BHR that can help capacitate state actors, businesses and CSOs and Section 4.1 for additional guidance on grants for BHR projects.

3.3.1. How can delegations build capacity of businesses on BHR?

Understanding the level of awareness of BHR and RBC principles among business actors in a specific context is key. Projects can include a survey or other methods for generating baseline information on BHR in your context and shape future activities.

BOX 11: Developing a baseline on business uptake of the UNGPs

In Bosnia and Herzegovina, the project '**Improving Human Rights Corporate Accountability in the BiH Post-War Context**' (EIDHR/2018/404149) aims to pioneer the endorsement of the UNGPs in Bosnia and Herzegovina as a normative platform for ensuring corporate respect for human rights. The project has included a baseline survey on BHR in the business sector, public consultations with business, CSOs and the public sector. While the survey found that businesses were largely unfamiliar with the concept of respecting human rights, the project highlighted a number of opportunities that could be leveraged to support implementation of the UNGPs, including through the Employer's Association Federation of Bosnia and Herzegovina.

Projects can also incorporate capacity-building activities for business including through the creation of tools for use by business, through training, workshops and exchange of best practices. Targeting networks with access to a larger number of businesses, for example through business associations or networks like the local UN Global Compact network, can be an effective means of maximising impact. Building the capacity of business associations on human rights can help them make a more significant contribution as social partner and better participate in social dialogue.

BOX 12: Technical assistance for business on human rights

As part of the '**Fostering Business and Human Rights Principles**' project in North Macedonia (EIDHR/2017/393736), a mix of resource materials were made available in Macedonian and Albanian including a translation of the UNGPs, a Guidebook for companies on HRDD, and an online self-assessment tool on the implementation of the UNGPs. Two training programmes for companies and other stakeholders were developed and over 90 representatives of companies and other stakeholders increased their knowledge and capacities on the UNGPs. The project also provided direct technical support to 10 companies in conducting due diligence.

3.3.2. How can delegations help the state build capacity on BHR?

The EUDs can support projects involving or targeting state actors, with specific attention on the state's duty to protect against human rights violations by business, for example by including a focus on the enactment and enforcement of adequate laws and regulations, the provision of state guidance on HRDD or in facilitating access to remedy.

BOX 13: Helping the state build institutional capacity

In Honduras, the project '**Support for Human Rights and Democracy in Honduras (ProDerechos)**' (LA/2018/040-890) includes a component to support the implementation of responsible business in the private sector as well as a focus on the state by strengthening institutional capacities, particularly regarding human rights obligations of relevant government institutions when hiring, providing permits, legislating, or when contracting with commercial companies to provide services that may affect the enjoyment of human rights.

Through policy dialogue with governments, EUDs can play an important role in identifying and engaging relevant state institutions to commit to a NAP process. In several countries, development of a NAP on BHR has been led by the foreign ministry in cooperation with other ministries with stronger internal mandates, such as ministries of interior, economy, and finance. The EUD can support capacity building, technical assistance or workshops and other events to provide an exchange of experiences with Member States and other states who have implemented an NAP. Specific support such as the Technical Assistance and Information Exchange instrument (TAIEX INTPA in partner countries and Twinning in Neighbourhood countries) can provide rapidly mobilised short-term technical support using EU Member States' public sector experts in response to requests for assistance from public institutions in partner countries. Such assistance can facilitate the exchange of experience with states who have implemented NAP, or on regulatory frameworks aligned with EU standards, including on due diligence, with the aim of creating a global level playing field.

Understanding the level of commitment of state actors can inform what additional support to give to CSOs or the national human rights institution (**NHRI**) in the local context to engage in NAP processes.

BOX 14: Supporting the development and implementation of NAP

The Business and Human Rights in Asia programme (PI/2019/410348) implemented by the UNDP concretely supports the implementation of the UNGPs through the development of NAPs in a number of countries in South and South-East Asia. It promotes dialogue, awareness and training of various actors and includes a specific focus on state institutions including NHRIs.

In Chile, the EUD funded a project (EIDHR/2017/391-522) '**Capacity-building and multi-stakeholder dialogue in the context of the National Action Plan on BHR between civil society, indigenous communities, social partners, state and business actors**'. This work resulted in the production of two guidance manuals for businesses, with a specific focus on migrant workers and the elderly. The EUD was part of an advisory committee which provided strategic advice and feedback on the development of the manuals.

EUDs can also support NHRIs. As independent state institutions with a mandate to protect and promote human rights, NHRIs can play an important role in advancing BHR in the local context. NHRIs are involved in monitoring respect for human rights in the context of business activities, research on the national legal and policy framework relating to BHR, advising governments on the development of NAPs and engaging in dialogue with businesses. NHRIs also contribute to facilitating access to remedy for victims of human rights abuses involving business through complaints-handling and other initiatives. An e-learning programme on BHR for NHRIs has been developed with support from the EU.

BOX 15: Projects supporting NHRIs and access to remedy

In Tanzania, the project '**Improving the protection from, monitoring of, reporting on, prevention of, and accountability for corporate human rights harm in Tanzania**' (EIDHR/2017/388516) aims to protect vulnerable groups by enhancing national and local capacities for monitoring, reporting, and preventing corporate human rights harms and ensuring accountability for corporate human rights harm in Tanzania through building capacity in the Tanzanian Commission for Human Rights and Good Governance to receive and engage with BHR-related complaints.

3.3.3. How can delegations engage with CSOs and workers representatives on BHR?

EUDs can engage with CSOs through grant modality or through structured processes such as the EU Country Roadmaps for engagement with CSOs. Raising awareness on BHR issues among these organisations can be a valuable way of beginning both to build CSO capacity and to identify key actors in the local context to act as neutral conveners, such as trade unions and CSOs focused on labour, land rights and indigenous peoples, environmental protection, good governance and anti-corruption. Direct capacity building for social partners to run social dialogue in the relevant country can also facilitate a balanced and fair dialogue with business representations.

EUDs can also support CSOs in the context of a NAP process by supporting projects aimed at assisting CSOs to create a **national baseline assessment**, organise stakeholder consultations or engage in other advocacy activities. CSOs also have an important role to play in monitoring implementation of the NAP, which can be supported by the EUD, including through dialogue with the state. For further guidance, see EU Reference Document 18 of the Tools and Methods Series on 'Promoting CSO participation in policy and budget processes'.

4. Mainstreaming business and human rights in EU development cooperation

4.1. Working with civil society actors: Grants

4.1.1. How can grant modality be used to support CSOs to advance business and human rights?

This section looks at how CSOs can be supported through the grant modality to take action on BHR.

While implementation of a project will be done by a third party, EUDs nonetheless have a role in programming, identification, formulation, and monitoring projects. The on-the-ground knowledge of the EUD and engagement with local stakeholders enables the EUD to assess priorities and issues in a given context to inform programming, the preparation of calls for proposals, and in monitoring implementation of projects. The guidance note on Mainstreaming Civil Society Engagement into EU cooperation and external relations in the post 2020 phase gives guidance to EUDs on how to engage with CSOs on inter alia human rights, trade and private sector development issues.

BHR is mainly supported through bilateral cooperation, but projects that support CSOs and HRDs on BHR issues can also be funded under thematic programmes. Projects funded under thematic programmes should be complementary to bilateral country cooperation.

BOX 16: Projects supporting CSOs on BHR

Selection of projects funded under the European Instrument for Democracy and Human Rights could be funded through: global calls for proposals, selected by HQ in collaboration with the EUDs; or country calls for proposals selected and managed by the EUDs. Other thematic programming is also relevant to fund projects relevant to BHR. The **CSOs** thematic programme could also be used, for example, to promote a sound investment climate through social dialogue or promote BHR and conduct relevant capacity building through framework partnership agreements with key CSOs. The global public goods and challenges (**GPGC**) thematic programme could contribute in supporting human rights and in particular the promotion of decent work and labour rights (see further Box 30).

Raising awareness and building capacity:

In Central America, the project '**Mining Industries and Human Rights in Central America: Promoting dialogue and implementation of the UNGPs in conditions of high conflict and risk for women and indigenous peoples**' (EIDHR/2017/388515) has conducted extensive training of CSOs and HRDs in Honduras, Guatemala and Mexico and supported their participation in international forums to strengthen their ability to protect human rights in the context of business activities. Important progress was made by the project in facilitating peaceful dialogue among civil society, government and private sector stakeholders in the mining and extractive sector.

Supporting dialogue with state and business actors:

In Indonesia, the project '**Responsible & Sustainable Business in Indonesia Palm Oil Plantation (RESBOUND)**' (EIDHR/2018/403125) aims to strengthen initiatives of multi-stakeholder partnership dialogues in supporting decent rural living of smallholder farmers and workers on large-scale palm oil plantations through the formulation of Community & Corporate Social standards.

Protecting and supporting affected rights holders including by improving access to remedy

— In Guatemala, the project '**Defending the right to live in peace: Protection and justice for communities and HRDs working on conflicts of land and natural resources in the Polochic valley**' (EIDHR/2017/390475) has facilitated legal actions through the Inter-American system involving forced resettlement of indigenous communities by palm oil companies.

While there are an increasing number of projects which expressly consider BHR, projects without a specific BHR focus can contribute to a broader enabling environment for respect for human rights by business, including by supporting good governance and the rule of law.

4.1.2. What kinds of business and human rights activities can delegations include in a call for proposals?

Applying a specific thematic focus on BHR in a call for proposals can be a means of signalling that it is a priority issue for the EU and set the agenda among CSOs and other applicants.

BOX 17: Projects without an express BHR focus

The following are examples of projects from the India EUD which do not have an express BHR focus, but in which BHR issues have nonetheless arisen:

— **HRDs**

The project '**Dalit Human Rights Defenders Network: Making Regulation Work**' (EIDHR/2017/388523) aims to create a network of Dalit HRDs. The project engaged with a number of municipal corporations to regularise payments to sanitation and conservancy workers who are mostly Dalits, as well as to ensure the provision of safety equipment for all workers. As workers are contracted through private agencies, and not permanent staff of the local authorities, the municipal corporations implemented contractual obligations with their contractors to provide safe working conditions to sanitation workers.

— **Online freedoms**

The project '**Challenge: Challenging hate narratives and violations of freedom of religion online in Asia**' (EIDHR/2018/400438) aims to contribute to the protection and promotion of respect for freedom of religion or belief and freedom of expression on the internet by countering hate speech on the basis of religion. The project engages with the private sector, in particular media and social media platforms, to advocate for greater compliance with human rights standards and for these actors to address their role in propagating violations, including by reference to the UNGPs.

— **Workplace discrimination and sexual harassment**

The project '**Reduction of economic discrimination and workplace violence in Indian export-oriented garment factories**' (EIDHR/2014/328718) aims to reduce workplace violence and economic discrimination against women in the export-oriented garment industry in south India. A specific objective of the project is to demonstrate that women can serve effectively as line supervisors in garment factories, thereby helping to change a widespread culture of discrimination and to provide male and female line supervisors with the human resources skills and knowledge of Indian law needed to reduce harassment in garment factories.

BOX 18: BHR activities that can be included in a call for proposals

Action	Activities
Research and context analysis including recording human rights abuses	Research on: — The national legal and policy framework to create a national baseline assessment — Specific companies' policy commitments and HRDD practices and sectoral commitments — Human rights impacts of businesses on vulnerable groups including preparation of disaggregated data — Access to judicial and non-judicial remedies at national, regional and international levels — Cases of non-compliance with international, social and environmental standards. — Recording or investigating human rights abuses by business and/or development financial institutions
Awareness raising and capacity building	— Awareness raising and training of relevant actors (community leaders, lawyers, HRDs, social partners) to enhance understanding and knowledge of RBC, implementation of the UNGPs and relevant international standards and sustainable development provisions of trade and investment agreements — Production of communication and visibility products — Strengthen the capacities of CSOs and social partners in social auditing work and participation in the evaluation and elaboration of public policies, legislation, budgets, and accountability of state entities — Develop the role of CSOs to monitor and act on supply chain issues to increase transparency on prices, product sourcing arrangements, to quality and environmental performance of products and working conditions — Support for trade unions or workers associations, strengthening of social dialogue — Enhancing access to remedies or monitoring companies' HRDD by communities, minorities, HRDs and CSOs (including with respect to grievance mechanisms and complaints mechanisms as well as social and environmental certification schemes, sector-wide agreements and impact assessments) — Support to private sector for the promotion and application of principles relating to human rights, labour standards, environment and anti-corruption through the UNGPs or other frameworks such as the UN Global Compact or international Labour Standards
Engagement with the state	— Advocacy with and support to state actors to develop and implement an NAP — Strengthen institutional capacities and build culture for social dialogue — Enhance institutional capacities to promote and monitor RBC — Dialogue on BHR
Facilitate multi-stakeholder dialogue	— Promotion and implementation of engagement between NGOs, workers organisations, local communities, state and business actors to address negative impacts of business — Supporting CSOs in their dialogue with companies, investors and state institutions — Facilitate and support events, roundtables and other meetings such as forums, seminars, or exchanges of experiences — Creation of national and regional alliances to promote mechanisms to strengthen the role of CSOs in promoting human rights

Protecting and supporting affected rights holders	— Practical and legal assistance to HRDs or trade unions in the context of business activities — Ensure access to judicial and non-judicial remedies to victims of corporate human rights abuses at national, regional and international levels — Provide legal advice to victims of business activities harmful to human rights, both in the domestic sphere and before international mechanisms for the protection of human rights — Actions by CSOs that promote the strengthening of justice sector institutions — Capacitate NHRIs to facilitate access to remedy including through their complaints-handling mandate — Projects supporting CSOs to bring specific instance complaints to the OECD national contact point

4.2. Working with the state: Budget support and trade policy

This section looks at how EUDs can use budget support or leverage trade policy to advance BHR.

4.2.1. How can delegations use budget support to advance business and human rights?

Budget support ([1]) can foster an enabling environment for RBC through, for example, support given to reform of labour inspectorates, tackling corruption and the promotion of good governance, or support to legal proceedings.

Budget support involves direct financial transfers to the national treasury of partner countries engaging in sustainable development reforms, subject to conditions and performance indicators. It usually includes technical assistance aiming at reinforcing administrative capacities, oversight bodies and CSOs. Budget support combines financial assistance, policy dialogue, performance assessment and capacity building. EU budget support assists the implementation of selected national policies, promotes the reform of public finance management (including fiscal transparency and the fight against corruption) and contributes to macroeconomic stability. The latter two can allow for a stable legal system conducive to business development and trade. This also involves improvements towards open, transparent and competitive public procurement or fair and efficient taxation. It is possible to design a budget support operation which supports national/sector policy on issues such as private sector or trade development. EUDs can also use the budget support dialogue with authorities to raise BHR issues where appropriate, or leverage civil society involvement in its advocacy function in discussions of the human rights impact of business.

BOX 19: Linking budget support to other BHR actions: Justice and Accountability Sector Reform in Uganda

Budget support actions are not isolated interventions and can be linked to a broader BHR and RBC agenda. The EU-supported Justice and Accountability Sector Reform Programme in Uganda (UG/FED/040-149) aims to promote sustainable development and inclusive economic growth in Uganda through improved domestic revenue mobilisation and efficient use of public resources for improved service delivery. Disbursements were made conditional on a commitment to joining the Extractive Industries Transparency Initiative (**EITI**), and policy dialogue connected to this budget support action supported Uganda's journey towards membership of the EITI.

This programme was complemented by support given to 'Empowering communities and civil society to demand for good governance in natural resource management' (CSO-LA/2019/413-940), a project aiming to empower Ugandan CSOs and community groups to monitor the human rights situation around oil and mining projects, including by reviewing adherence to the EITI. In addition, the Uganda EUD has been active in promoting BHR and RBC in the private sector, including through the Uganda–Europe Business Forum and diplomatic engagement on individual human rights cases connected to private sector activity in Uganda.

([1]) The human rights-based approach is mainstreamed in 2017 Budget Support Guidelines (see notably their annex 12).

Budget support activities can also be linked to global actions with links to trade, such as projects in connection with the Forest Law Enforcement, Governance and Trade (**FLEGT**) Action Plan.

BOX 20: Linking budget support to global actions: FLEGT in Honduras

A main focus of implementing the FLEGT Action Plan is on voluntary partnership agreements (**VPA**), which are legally binding trade agreements between the European Union and a third timber-producing country. These aim to reduce illegal logging by strengthening sustainable and legal forest management, improving governance and promoting trade in legally produced timber. While the Commission leads the negotiations, the EUD leads the implementation of a VPA, once signed and ratified. In Honduras, the rights of indigenous peoples are among those most impacted by deforestation, illegal logging and land confiscation. Stakeholder consultation during the VPA negotiations provided the opportunity for indigenous peoples to raise concern over their inability to govern their territories, the need for Free, Prior, and Informed Consent and regularisation of land tenure. At the same time, budget support in the forest sector has pushed for the implementation of specific laws and policies aiming to guarantee indigenous people's rights, including with respect to regularisation of land tenure. Policy dialogue carried out under the budget support and in the context of the VPA negotiations have each played a role in creating an enabling environment for the realisation of the rights of indigenous peoples.

4.2.2. How can the delegation use EU trade policy and regulations to promote business and human rights?

In line with the EU's 2015 Trade for All and 2017 Aid for Trade strategies, trade instruments can be an effective tool to promote BHR and implementation of UN human rights conventions as well as the ILO Core Conventions. The Commission and the ILO have a longstanding partnership on supporting EU trading partner countries jointly to improve the application of the ILO Fundamental Conventions, including through the Trade for Decent Work Project.

Through GSP+, countries who have ratified and effectively implemented 27 international conventions on human rights, labour rights, environmental preservation and good governance can gain preferential EU market access. When coupled with continuous engagement with the local authorities through dialogue, projects and EUD contacts, GSP+ is another tool that EUDs can leverage to promote sustainable development.

The EU has included commitments to promote RBC into all its recently concluded free trade agreements. The sustainable development chapters and specific CSR and RBC commitments provide a basis for engagement on BHR. From 2009, new generation agreements signed by the EU include dedicated chapters on **TSD**. In these chapters, the EU and its partner countries commit to respecting a number of international conventions for labour standards and environmental preservation. To promote transparency and civil society involvement, these agreements also create domestic advisory groups and promote regular civil society forums. The EUD can support CSOs to monitor implementation of chapters on sustainable development and any specific provisions on CSR or RBC, including sustainability assurance schemes such as eco-labelling and fair and ethical trade initiatives. EUDs can play a role in ensuring that state partners meet their obligations under these chapters, including through effective implementation of the ILO Core Conventions.

BOX 21: Supporting projects linked to trade agreements

In Vietnam, the project '**Business and Human Rights in Trade Relations and Global Supply Chains in Vietnam**' (EIDHR/2017/390717) included provision for training to CSOs to enable them to critically monitor the implementation of the UNGPs by state and business actors, and to monitor implementation of the TSD chapters of the EU–Vietnam Free Trade Agreement.

The project aimed to capacitate CSOs to work with the TSD chapters, including by building a coalition of NGOs to engage at each stage of the FTA adoption and implementation process and to comment on the draft TSD chapter. CSOs who had not previously been engaged on trade issues were capacitated to understand the relevance of the TSD chapter for their local activities and recognise it as a means to improve their position with the government. The project also helped connect Vietnamese CSOs with counterparts in South Korea and the EU to exchange experience and build capacity.

The project's links to the FTA process generated interest and support from EU institutions. The Directorate-General for Trade has remained in touch with the EUD to monitor implementation and progress. Colleagues from the Trade section at the EUD have maintained involvement and advised on political aspects of the project.

The project supported events which drew a connection between the FTA and human rights. Business interest in the FTA made it a useful vehicle to raise BHR issues and communicate to local business that adherence to the UNGPs is what is expected by the EU.

The EU is also supporting a number of actions in connection with other EU regulations linked to EU market access, including the EU's conflict minerals regulation and regulation on illegal, unreported and unregulated fishing.

BOX 22: Actions leveraging EU regulations linked to EU market access

The EU has developed accompanying measures to support the conflict minerals regulation (2017/821), including providing financial support to the OECD for their work on due diligence for responsible sourcing of minerals, the Due Diligence Ready! Portal, which provides guidance to business, as well as support to the International Conference on the Great Lakes Region against the illegal exploitation of natural resources. In addition, a project in Côte d'Ivoire aims to address human rights abuses in the conflict mineral supply chain and bring legal, conflict-free and traceable gold from artisanal mines into the EU market: '**Responsible production and trade of artisanal gold from Cote d'Ivoire: Or Juste Cote d'Ivoire**' (ICSP/2018/400055).

In the context of the Regulation on illegal, unreported and unregulated fishing (2008/1005) the political section of the EUD in Thailand raised human rights abuses in the Thai fishing industry during political dialogue. The discussions led to the development and EU funding of the ILO **Ship-to-Shore Rights** project, which focused on supporting legal reform, capacity building of labour inspectors, partnership with the private sector, and remedy for victims of forced labour. Due to the project's success, it was subsequently extended to neighbouring countries.

4.3. Working with business: Private sector development and blending

The Commission works closely with developing partner country governments to help them develop and implement policies and reforms in support of private sector development and for improving the investment climate. The EU provides substantial grant funding to support local MSMEs in the formal and informal sectors through training, business development services, or access to finance and markets. EUDs work with organisations such as chambers of commerce, business associations, training institutes, marketing boards, business incubators as well as financial institutions.

This is complemented by support provided under the existing Blending Facilities and the European Fund for Sustainable Development (**EFSD**), in the form of grants and financial instruments, including budgetary guarantees, to mobilise additional funding, for instance to support local banks in providing loans or equity to companies, or to finance the provision of public infrastructure services.

This section looks at points of leverage and opportunities for EUDs to further mainstream human rights considerations into support or financing to the private sector.

4.3.1. How can BHR be used in the context of private sector development projects and support to MSMEs at local level?

EUDs support numerous private sector development projects focusing on MSMEs with the view to improving economic opportunities, green and circular business practices, decent work and the integration of informal workers, and enterprises in the formal economy. They thereby support the enjoyment of economic, environmental and social rights of poor and vulnerable groups. Such projects can also directly address specific human rights issues identified by the EUD in targeted business sectors and usefully complement, build and increase the effects of CSO-led projects supported by other sections of the EUD.

It is a common misconception that BHR is only relevant for large companies or multinational enterprises. According to the ILO, MSMEs – a large portion of which are informal enterprises – represent about 70 % of total employment worldwide and even more in low and middle-income countries. MSMEs can have a severe impact on the enjoyment of human rights. Informal employment is often characterised by low pay, poor working conditions, and a lack of social security and disproportionally affects women. The UNGPs make it clear that the responsibility to respect human rights is shared by all businesses, regardless of size or sector. The means through which a business enterprise meets its responsibility to respect human rights will however be proportionate to its size and nature of its operations (see Box 6 for resources for business including MSMEs).

BOX 23: Private sector development projects promoting RBC

— The project '**Producing Cacao with a Rights Perspective: Betting on Fair Trade in the Dominican Republic**' (EIDHR/2017/388517) combines economic empowerment of small-holders and enforcement of human rights of vulnerable children, adolescents and women in a value chain characterised by poor labour conditions. Such approaches can support MSMEs to integrate into global supply chains, as buyers are increasingly attentive to human rights, and facilitate access to the European market.

— Numerous projects supporting women's economic empowerment, a priority under the Gender Action Plan III, promote the adoption of the Women's Empowerment Principles which include a strong focus on respect of women's rights in the context of business.

— As part of its support to Eurocham and local employers' organisations in Côte d'Ivoire ('**S'Investir, Ensemble!**' FED/2019/406492) focusing on business competitiveness and improvement of the business environment in the country, the EUD is also supporting activities aiming to increase awareness of CSR and documentation of CSR practices. This type of activity is an opportunity for EUDs to introduce international instruments on RBC and BHR and ensure that the understanding of CSR of the business community aligns with international standards.

— A 2020 EP study on impact investment recommended establishing pilot projects to stimulate the creation of social enterprises working specifically on human rights issues through, for example, start-up grant funding and incubation or accelerator programmes.

The Kampala Principles on effective private sector engagement in development co-operation aim to make such interventions more effective and underline the importance of integrating RBC. In assessing interventions EUDs could consider the following questions:

BOX 24: Key questions when assessing BHR into private sector development interventions

- Has an RBA been implemented throughout the project cycle and has it given rise to specific concerns on potential impact on vulnerable groups? What are the mitigation measures adopted, and to what extent were they designed with the involvement of the group(s) concerned?
- What is the level of knowledge and engagement of the private sector partner(s) on BHR?
- To what extent does the intervention develop capacities of private sector actors, including MSMEs and informal businesses, to understand and address their human rights impacts?
- To what extent does the intervention allow for or encourage participation of workers, communities, including women and vulnerable groups in the design and implementation?
- Are there any grievance mechanisms in place for rights holders who might be affected by the project?
- To what extent does the intervention open dialogue spaces with policymakers that can be harnessed to advance RBC and address structural issues?
- To what extent does the intervention create enabling conditions to influence business behaviour across the many actors both upstream and downstream the targeted value chain(s)?
- How does the intervention complement and build on other Team Europe initiatives?

4.3.2. How is business and human rights considered in blending and guarantees and what is the role of delegations?

The EU implements blending operations and guarantees through regional (eight in total) or thematically focused blending facilities and the EFSD. From 2017 until 2019, EUR 4.6 billion has been allocated to the External Investment Plan (**EIP**), which includes the Africa and Neighbourhood Investment platforms and is expected to leverage around EUR 47 billion for sustainable investment. This represents a significant increase from the period 2007-2014 where EU blending operations amounted to EUR 2 billion.

BOX 25: Blending and guarantees

- **Guarantees** insure financial risks associated with larger development projects or with access to finance for MSMEs through intermediary financial institutions. They are used to catalyse funding to support activities that are perceived to be too risky by private investors. Examples of guarantees supported by the EU include Nasira, a programme that provides guarantees to local banks in order to allow them to provide loans to young, female, and migrant entrepreneurs in Sub-Saharan Africa and countries neighbouring Europe.
- **Blending** is the strategic use of a limited contribution of public money to mobilise financing from partner financial institutions and the private sector towards a development goal. It aims at making projects with the potential for high economic and social return but low financial return attractive to private investors. The OECD DAC Blended Finance Principles for Unlocking Commercial Finance for the Sustainable Development Goals provide guidance on blended finance, and highlight that it should be based on internationally recognised RBC instruments.

The EU entrusts a number of DFIs with the implementation of financial support programmes. These institutions have been 'pillar assessed' to ensure they have appropriate financial management capacity, rules and procedures. However, robust ESG standards and systems fully integrating human rights standards and principles are also essential to

identify, avoid, mitigate and manage environmental, climate and social risks as part of the due diligence process. ESG standards also present an opportunity to raise the quality and demonstrate the additionality of investments, maximising their contribution to sustainable and inclusive development and the respect of human rights. It is therefore important that the partner institutions of the Commission have the necessary policies, the institutional capacity and governance structure to promote compliance with these standards and assess, monitor and report on their implementation. These requirements should also be considered in relation to the renewed EU strategic approach on sustainable finance (see Box 3).

BOX 26: DFIs environmental and social safeguards and HRDD

DFIs are specialised development organisations, usually majority owned by national governments. DFIs invest in private sector projects in low- and middle-income countries to promote job creation and sustainable economic growth. The International Finance Corporation Performance Standards (IFC PS) on Environmental and Social Sustainability are often used by other DFIs (including members of the European DFI Association) as the reference framework for their own environmental and social safeguards. These standards cover in particular labour rights, community health, land acquisition, and the rights of indigenous peoples.

While the application of the IFC PS contributes to HRDD by clients and investee companies, recent analysis points out room for improvement to fully align with the UNGPs and OECD Guidelines. Key areas for improvement include consideration of human rights in business relationships such as suppliers, enhancement of the right to participation of rights holders and stakeholder engagement as well as accountability mechanisms.

To enhance stakeholder engagement practices in the **EIB**-financed projects and support its clients, the EIB has developed an upcoming Guidance Note on Stakeholder Engagement summarising good practices and tools for meaningful stakeholder engagement. The topics covered range from information disclosure, public consultation, addressing of reprisals risks, to the setting up of tailored, project-level grievance mechanisms.

Many DFIs have set up grievance mechanisms to enable affected parties to file a complaint regarding projects funded by these institutions. The Netherlands Development Finance Company (**FMO**), the German Investment Corporation (**DEG**) and Proparco (France) together operate an independent complaints mechanism (ICM). The mechanism is supported by an Independent Expert Panel, which includes recognised human rights experts. Similarly, the citizens concerned about EIB activities have the possibility of contacting its independent accountability mechanism with two tiers: the EIB Group Complaints Mechanism (EIB-CM) and the European Ombudsman which allows complainants to bring their case to the Ombudsman if they feel the outcome or the handling of the EIB-CM process is unsatisfactory.

In addition to being a risk management process, HRDD can also maximise the development impacts of projects. A 2016 Evaluation of EU Blending indicated that monitoring of socioeconomic and development impacts, as compared to financial progress, has often been less consistent. Additionally, the projects reviewed in the report could have better targeted vulnerable groups, such as women or the poor.

BOX 27: Blending project with a focus on RBC: Bangladesh

In Bangladesh, the Asia Investment Facility supports the AFD-led project '**Programme to Finance Safety Retrofits and Environmental Upgrades in the Bangladeshi Ready Made Garment Sector (RMG)**' (ACA/2016/378599) through a EUR 6.6 million grant for performance-based investment grants and technical assistance. The project aims at making the sector safer (fire, electricity and building structure safety), greener, and a decent place to work. It helps factories access funds for safety and environmental upgrades, which provides an incentive to undertake such investments and assists RMG factories in implementing them.

As described by the 2019 EU Guidelines on blending, EUDs are involved at different stages in relation to blending and guarantees and can play a key role mainstreaming BHR considerations. Generally, EUDs and relevant Commission services assess all blending proposals from financial institutions. Each proposal undergoes a formal appraisal process.

In the case of bilateral financial programmes, EUDs have a policy and strategic steering and oversight role. Similarly, guarantee tools are assessed involving various Commission services and EFSD Guarantee portfolio and pipeline review meetings are organised twice per year to also ensure alignment with thematic and EUD priorities. In this sense, EUDs can do the following.

- Contribute to the context analysis through their knowledge of the local context, help identify stakeholders that need to be engaged with and identify areas where technical assistance on BHR could be provided. This step should aim to ensure synergies with various aid modalities on specific sector support.
- Engage in a regular dialogue with DFIs throughout the lifecycle of the projects, and eventually agree with respective DFIs upfront to be involved, in reviewing terms of reference of feasibility studies and environmental and social impact assessments to ensure human rights are considered, review studies, follow up on findings of evaluations and support their dissemination through local organisations. EUDs can also support awareness raising on BHR of local financial intermediaries, such as domestic private banks and micro-finance institutions, which provide financial support to MSMEs.
- Dialogue and work with CSOs and workers' organisations to monitor the implementation of projects and identify potential issues before they escalate. EUDs may choose to support CSOs through the grant modality (see Section 4.1) to conduct capacity-building, and document human rights impacts.
- Engage with national and local authorities, including through their political dialogue, to ensure a coordinated response to BHR issues during project implementation.

BOX 28: Examples from other donors integrating BHR in private sector instruments

Finland has undertaken a process of strengthening human rights and due diligence in the design and implementation of all its private sector instruments. Norad commissioned in 2018 an evaluation UNGPs, Human Rights and Norwegian Development Cooperation Involving Business. Danida Market Development Partnerships, a challenge fund designed to support commercially oriented partnerships in developing countries has integrated requirements on RBC, including a request to assess risks and impacts on human rights, decent work, environmental impact and anti-corruption in the formulation phase, development of an RBC action plan and mechanisms to follow up on RBC throughout the project implementation period.

4.3.3. How can delegations further BHR in the context of public-private dialogue on investment climate?

Private sector development programmes that aim at helping partner countries improve their investment climate, including under Pillar 3 of the EIP, can involve structured public–private dialogue activities to inform support measures by a private sector perspective on constraints and reform priorities. In African countries, for example, this can be facilitated through the Sustainable Business for Africa platform. EUDs play a key role in supporting a structured dialogue with business which aims at improving the evidence-base for policy dialogue with the government, and allows for better targeted support interventions. This provides an opportunity for EUDs to discuss BHR-related issues in relation to, for example, regulatory reforms on labour law and employment policy; land and property rights; commercial justice and dispute resolution; infrastructure and energy policy and regulation, etc.

In addition, EU Economic Diplomacy Guidelines encourage EUDs to identify and implement a strategic approach that considers EU and Member State trade and economic interests in line with EU policy while engaging with EU business organisations in the pursuit of these interests. Engagements with Eurocham or the Chambers of Commerce of Member States can also be used to raise BHR issues amongst the business community by integrating their chart BHR aspects and promote BHR activities. The EUD can also identify opportunities to use the leverage of EU multinational companies committed to RBC and global brands operating in the local context to drive change both at enterprise and sector level.

BOX 29: Working with MNEs on RBC: Sida and H&M in the Cambodian garment sector

In 2014 the Swedish Embassy, the ILO, H&M group and the Swedish labour union IF Metall launched a partnership to promote sound industrial relations and decent work and strengthen the regulatory and policy framework in the Cambodian garment sector. Activities at enterprise level included training in workplace cooperation, labour law, social dialogue, and gender and non-discrimination. The project also created dialogue between government, union confederations, and industry associations. H&M was in a position to use its leverage to support industrial relations, partnering with a MNE which provided access to factories and other players in the local industry that may otherwise have been difficult to influence.

4.4. Regional and global initiatives

4.4.1. How can delegations advance business and human rights through EU regional and global initiatives?

BHR can also be advanced through EU global or regional initiatives, keeping in mind geographical coherence, which usually involve or target a variety of stakeholders, including state actors, CSOs, international organisations, and businesses, and feature multi-layered engagement strands, including interventions targeting development, trade, governance, and policy dialogue.

The role of the EU in regional and global initiatives can vary, from providing political and financial support to taking a major implementation role. EUDs can contribute their country context knowledge in the project formulation phase, for example in the creation of country-specific interventions or in identifying the needs of specific stakeholders (for example, awareness raising and capacity building, access to remedy, or legal reform) and conducting institutional capacity assessments. EUDs can be involved in the implementation phase by coordinating the project activities of implementing partners or promoting the initiative in political dialogue. When monitoring the effectiveness of country-specific projects which are part of regional and global initiatives, EUDs can develop complementary projects or initiatives to address identified gaps or specific stakeholder needs.

BOX 30: Funding instruments for global and regional projects

Projects may be undertaken under the Partnership Instrument. These are typically regional or global projects involving a collaboration with a range of other actors including the ILO, the OECD or OHCHR. Examples include:

— '**Responsible Business Conduct in Latin America and Caribbean**' (PI/2018/398-476) which aims to promote smart, sustainable and inclusive growth in the EU and Latin America and Caribbean by supporting RBC practices in line with the UN, ILO and OECD instruments. The projects are designed to raise awareness of unsustainable behaviour, particularly among SMEs. They also support local efforts to draft and implement NAPs and support due diligence and access to remedy.

— '**Responsible Supply Chains in Asia**' (PI/2017/RAS/16/13/EUR), which includes research activities to support the implementation of RBC by mapping current approaches, developing case studies that show businesses the added value of adhering to RBC, collecting tools, lessons learned and success/fail factors for implementation, and delivering outreach, in-country round tables and training for stakeholders in priority sectors and value chains.

The **GPGC** thematic programme of the **Development Cooperation Instrument** also funds a range of projects relevant to BHR covering a range of geographies. Examples include:

— '**Clear Cotton**' (FOOD/2016/380-059)**,** which is implemented by the ILO in Mali, Burkina Faso and Pakistan. It aims to combat forced and child labour in cotton, garment, and textiles value chains. Activities include strengthening enforcement of laws prohibiting child labour and forced labour, improving access to education, social protection, and improved livelihoods.

— '**Better Work** Program' (HUM/2018/041-558), which is implemented by the ILO. The objective of the programme is to improve compliance with international labour and environmental standards in the garment

value chains, including through capacity building; providing factory-level services (including data collection) on issues related to gender equality; expanding access to finance through the IFC; and training and advisory services for brands' and manufacturers' staff to build their capacity to implement Better Work tools and methodologies across their supply chain.

— The EU also supports the Extractives Industries Transparency Index and the World Benchmarking Alliance through the GPGC programme.

Getting in touch with the EU

In person

All over the European Union there are hundreds of Europe Direct information centres. You can find the address of the centre nearest you at: https://europa.eu/european-union/contact_en

On the phone or by email

Europe Direct is a service that answers your questions about the European Union. You can contact this service:

– by freephone: 00 800 6 7 8 9 10 11 (certain operators may charge for these calls),

– at the following standard number: +32 22999696 or

– by email via: https://europa.eu/european-union/contact_en

Finding information about the EU

Online

Information about the European Union in all the official languages of the EU is available on the Europa website at: https://europa.eu/european-union/index_en

EU publications

You can download or order free and priced EU publications at: https://publications.europa.eu/en/publications. Multiple copies of free publications may be obtained by contacting Europe Direct or your local information centre (see https://europa.eu/european-union/contact_en).

EU law and related documents

For access to legal information from the EU, including all EU law since 1952 in all the official language versions, go to EUR-Lex at: http://eur-lex.europa.eu

Open data from the EU

The EU Open Data Portal (http://data.europa.eu/euodp/en) provides access to datasets from the EU. Data can be downloaded and reused for free, for both commercial and non-commercial purposes.

Publications Office
of the European Union