JULY 2017 No. 3

STRATEGIC SECURITY ANALYSIS

Business and Private Diplomacy:
A Potential Catalyst for Sustainable Peace

by Misha Nagelmackers-Voïnov

1 Introduction

A general overview of what the term "private sector" entails will help define the scope of this paper. The private sector can be defined as the part of the economy that is not run by a state, but by individuals and companies for profit. It comprises a large diversity of organisations such as publicly or privately owned companies, including multinational companies (MNCs); organisations owned and operated by a group of individuals for their mutual benefit such as cooperatives; or organisations that raise funds to operate and are financed by government or intergovernmental organisations or through hybrid business models, such as non-governmental organisations (NGOs), but excluding non-profit organisations (NPOs).[1] When referring to the private sector, this paper will include publicly or privately owned companies, including MNCs, but exclude private military companies. All private sector organisations' main driving forces can be summed up as a quest for profits, security and reputation.

Because it is multidimensional, the private sector can be classified in many ways. In addition to a classification by sector, businesses can be ranked by size, number of employees, geographical presence, if they are a local business or the subsidiary of an MNC, or are tailored to serve domestic needs or export markets (or both). In a violence- or conflict-affected context each category of business will evolve differently, reinvent itself or disappear.

Nota bene   in this paper, "peace" is not just defined as the absence of war (negative peace), but also by the presence of the conditions for lasting peace, including human rights, and just social and political conditions.

1   An NGO, also known as a civil society organisation, is a non-governmental organisation even though its funding might be provided by a government. An NPO uses its extra funds for the purposes of the organisation, rather than dividing it among the shareholders and owners of the organisation. Examples of NPOs are universities, trade unions or charitable organisations. However, an NPO might operate in conjunction with a government.

KEY POINTS

- Long considered a natural partner for peace through economic diplomacy and bilateral trade agreements, business has increasingly become ignored or demonised.

- The private sector comprises a wide diversity of organisations and is the part of the economy that is not run by a state, but by individuals and companies for profit.

- Small businesses/micro-companies serve as a good starting point for a conflict resolution process because they often constitute the only form of economic activity in a conflict zone.

- MNCs have a range of options to respond to conflict, but cannot openly take part in conflict resolution and peacebuilding initiatives, and rarely become involved officially. Track Two diplomacy is their more likely area of involvement.

- The United Nations has frequently supported the view that the private sector can be a powerful agent of change. However, the UN still engages only two players in conflict resolution and peacebuilding: civil society/NGOs and armed actors. UN peace operations have never been expressly mandated to consult with business or use its influence to build peace.

- Combining the resources, expertise and leverage of all possible actors would produce a more formidable force for peace. World affairs would benefit from integrating the private sector into a new UN system of governance; new routes are possible for a truly inclusive approach, recognising the business sector's positive contribution to sustainable peace through informal mediation and collaborative engagement.

2 A converging definition and shared approach

Size is the most convenient and easily available criterion of classification for private sector companies. In emerging market economies affected by violence or conflict there would be five main categories of private businesses: formal businesses (big companies that are registered with local authorities and pay taxes); semi-formal medium-sized companies (which pay taxes, but are not systematically registered with authorities); small companies (which represent the vast majority of businesses, operate in a dedicated area or office, and are registered with local authorities); micro-companies (which operate from a variety of places such as markets or in the street and pay some form of tax on the temporary location from which they conduct business, such as a market place or handcart); and home workshops (which are mainly to be found in larger cities). Small companies operating from a dedicated or informal area provide more than half of the world's formal jobs. They are key drivers of economic growth and development, as well as the backbone of a local economy. Among the medium-sized or small private companies mentioned above, government employees might run such small businesses in some countries in order to diversify sources of income or risk, and allow close or even remote family members to make a living.

As violence increases or conflict breaks out, micro-companies and MNCs will be impacted, but never in the same ways or at the same pace. Generally, the private sector will shift from traded to non-traded goods (i.e. goods provided by donors), cut investment, and shift its capital to foreign currency assets and away from its production tools. Commerce and tourism will be the first sectors to contract, followed by manufacturing and construction. This shift will create conditions for an informal economy (which employs 80% of the population of the Democratic Republic of the Congo/DRC[2]) as households' incomes deteriorate and inflation affects official and parallel markets alike. Falls in employment will create falls in domestic savings and greater reliance on external aid. In such environments, agriculture and public administration will often remain the only source of official employment and income. Violence and conflict also change the prosperity equilibrium as individual roles evolve. When men die in conflict, women become responsible for ensuring the community's survival by starting informal businesses or taking up farming.[3]

Small players, such as micro-companies, become important: in chaotic times grassroots, local entrepreneurs provide the only goods, services and jobs available in a given conflict zone. They can also make an important contribution to conflict transformation because they maintain their economic influence and local political contacts during the conflict, and thus serve as a good starting point for a conflict resolution process. So do business associations, because they often also have close links to governments and represent all sides of the conflict.

The Guatemalan experience illustrates the role of business associations. The 36-year civil war in that country was caused by interlinked social, economic and political factors, "specifically ideological differences embedded in the global political struggle of the Cold War".[4] Initially, the Guatemalan private sector was not a fervent supporter of the peace negotiations. The overall intensity of the war was low and geographically

2   TDRP (Transitional Demobilization and Reintegration Program), "5 Democratic Republic of Congo", in *Assessing the Reintegration of Ex-combatants in the Context of Instability and Informal Economies*, December 2011, p.31, http://www.tdrp.net/PDFs/Informal_Economies_Dec2011-5.pdf

3   C. Samba-Panza, interim president of the Central African Republic, "The Central African Republic: 'Land of Wealth and Opportunity'", transcript of her speech during the handover ceremony to President-elect Faustin-Archange Touadéra, 30 March 2016, http://www.worldbank.org/en/news/speech/2016/03/30/the-central-african-republic-is-a-land-of-wealth-and-opportunity

4   E. Jonas, "The Role of the Private Business Sector in Peace Negotiations: Lessons from Guatemala", Sicherheit und Frieden/Security and Peace, Vol.4, 2007.

contained in mountainous areas, and the sectors that were most affected by the conflict were limited to tourism and the coffee industry. Negotiations with all stakeholders, including business, started on a very positive note. However, because of tensions between factions within the association representing the private sector, the Comité Coordinador de Asociaciones Agricolas, Comerciales, Industriales y Financieras (CACIF) refused to meet rebel groups, demanding instead an immediate ceasefire. Interestingly, the coffee industry did not embrace peace talks, because the peace process was associated with economic reform, while the tourism sector, too weak to lobby, was absent from the process. This tends to support the idea that different groups within the business sector are more or less willing or able to support mediation or a peace process.

At the other end of the size spectrum lie MNCs. They account for two-thirds of world trade and can be defined as large corporations incorporated in one country, implementing a consistent multinational response among their various subsidiaries. Their global number is estimated at 80,000, with 840,000 subsidiaries across the world, representing 75,000,000 employees. During the 1950s and 1960s host governments rarely intervened in the affairs of MNCs. Nowadays, these large companies are more flexible and more responsive to their host governments' demands. But not all MNCs follow the same strategy, and some will sacrifice market participation to preserve strategic autonomy. "There can be no growth in an environment where there is no peace", says Unilever boss Paul Polman, insisting that business "can and must be a force for good [5]". The "corporate coalition" backing Peace One Day – including Skype, McKinsey, Ocado, Innocent, Coca-Cola and Burger King – is a start, but certainly not what corporations do best.[6]

Instead, they could engage in discussions on good governance and obstacles to peace.

An MNC subsidiary faces complex governance challenges in the wake of violence or conflict. It is controlled by its parent company, which is often based outside the region or country; this company bears the ultimate responsibility for the group's worldwide strategic direction. The affiliate or subsidiary is expected to support the overall objectives of its group, contributing to its brand and matters of corporate priority such as Western-led concepts like corporate social responsibility (CSR). This is a first possible gap between the subsidiary of a MNC and its host country. Understanding often diminishes and misunderstandings widen as violence increases in the country hosting the subsidiary, due to the distance between the centre of power (company headquarters) and the local affiliate.

3 Going beyond CSR; or, the limitations of policies

Recent literature[7] has explored how MNCs are expected to contribute to peace and security in the absence of public or government capacity to fulfil this role. Most of those who participated in this research (through individual phone interviews or plenary sessions) were communications directors, CSR managers, and line and business managers from MNCs' subsidiaries. Many respondents seemed to ignore the role their employer could or did play in peace and security. This might be because CSR involves voluntary self-commitments focusing mainly on the environment, health care, education or security. The role of business in conflict is rarely addressed in this context, either because the CSR agenda needs to be broadened or because businesses are indeed active in issues

5   O. Balch, "Businesses have a role promoting peace in conflict zones", *The Guardian*, 23 September 2014, https://www. theguardian.com/sustainable-business/2014/sep/22/businesses-role-promoting-peace-conflict-zones-drc-palestine

6   J. Hatcher, "Goma Peace Concert Criticised for Overshadowing DR Congo's Grim Reality", *The Guardian*, 23 September 2014, https://www.theguardian.com/global-development/2014/sep/23/goma-peace-concert-dr-congo-jude-law

7   See D. Jamali, R, Mirshak, "Business-Conflict Linkages: Revisiting MNCs, CSR, and Conflict", *Journal of Business Ethics* (2010) 93:443–464; A. Graf & A. Iff, "Conflict-Sensitive Business; Review of Instruments and Guidelines", *swisspeace*, January 2013

related to the conflict, but it is not considered part of CSR. This constitutes a second gap in the corporate governance of MNCs: local CSR is part of a more global CSR strategy and is often managed as an extension of local public affairs, public relations or marketing efforts. In order to offer any sense of how MNCs' subsidiaries can have an impact on peace and security, further research is needed from the business point of view involving risk managers, chief financial officers, and members of the executive board in charge of audit and control committees.

Research by swisspeace focused on Swiss MNCs and how they engage in peace efforts.[8] The paper in question is based on interviews with CSR managers from the MNCs' head offices and focuses on their knowledge of their companies' contribution to peacebuilding. The data covers eight to ten Swiss companies from various sectors. Most CSR managers appear to be unaware of the ways in which they could engage in peace processes or what role they could play. As the authors suggest, this might be because peacemaking or conflict transformation "is not linked to the business case".[9] Other explanations also come to mind. Firstly, involvement in a political process can only result from an informal individual initiative, not as part of a formal representation of the company, and strictly on a confidential basis, which means no public relations communications – in fact, no communication whatsoever. Secondly, the lack of institutional trust between civil society or advocacy NGOs and the private sector is so heightened that such high-level strategic information will be considered only on a need-to-know basis. The CSR manager will deal with philanthropic initiatives to improve the environment or help local communities, as well as manage advocacy NGOs

or research foundations. CSR or security managers might not be involved in all formal or informal contacts between a local business manager and strategic stakeholders.

The review of existing grey research covering CSR managers in MNC subsidiaries and MNC headquarters demonstrates that there is an obvious need for more research in the area of violence and conflict resolution in terms of risk management. As a result, the issue of the relationship between business and peace might be more one of board policy or operational strategy, and therefore falls beyond CSR.

4 Take a positive peace perspective

When an MNC considers suspending its activities due to violence or conflict, the result is an important depletion of local knowledge – and an increase in risk for the local population and local business alike, because of outsourced goods and services. The immediate consequence of an MNC's withdrawal or shutdown is undesirable from a local employment perspective: selling a subsidiary to a competitor might appear more desirable, but not if the new owner recognises fewer rights for employees and local communities (human rights, labour rights, development rights, social and economic rights).

Acting truly locally is a strategic challenge for global MNCs. Some are able to act like local businesses.[10] They employ local people, thus contributing to social mixing, and support those who wish to start their own businesses. This strategy maintains a certain level of economic normality in times of violence or conflict – and prepares for future peace. This can also be achieved by an MNC subsidiary maintaining local infrastructure such as transport, or temporarily covering basic health and social services. In all these examples the private sector

8   A. Iff, R. Alluri and S. Hellmüller, "The Positive Contributions of Businesses in Transformations from War to Peace", swisspeace Working Paper 2/2012, http://www.swisspeace.ch/fileadmin/user_upload/Media/Publications/WP2_2012.pdf

9   Ibid., p.15, quoting L. Zandvliet, "Conflict Transformation and the Corporate Agenda – Opportunities for Synergy", in B. Austin, M. Fischer and H.J. Giessmann (eds), *Advancing Conflict Transformation. The Berghof Handbook II*, Opladen/Framington Hills, Barbara Budrich, p.360.

10   What managers can do strategically depends on where they are located. National influences limit corporate behaviour in important ways.

can compensate for temporary state shortcomings or the total collapse of state-supplied services.

But in the absence of a mandate to participate in peace settlements, the private sector might resolve to consider its bottom line rather than its humanitarian impact, and shut down or sell its operations, despite adverse local consequences. In Nepal, for instance, the economic stagnation that marked the period following the end of civil war in 2006 was caused by the withdrawal of Indian MNCs that supported the Nepalese economy, and clearly hindered political and social stability.

It might be of interest to consider what strategies the private sector – MNCs and local businesses alike – can chose in a context of violence or conflict. Firstly, it can decide to take advantage of the economics of war and grow its business. Secondly, it can conduct business as usual, under local regulation or the absence of it, either because it cannot withdraw (e.g. a local business), or because violence is not affecting its operations. Thirdly, it can withdraw from the conflict zone and disengage. Fourthly, it can decide to engage proactively and contribute to public security.

From a positive peace perspective, business can foster economic development, support an emerging or existing legal system, and nourish a sense of community. It does not, however, consider the provision of assistance to local communities as a political act, but as tangible ways of reducing its operational costs. In matters of general strategy or corporate policy, CSR is considered as part of operations, while supporting peace or conflict resolution is the exclusive prerogative of the local or international political domain. In practice, the difference between CSR and working for peace and stability follows a very fine line, and is more of a corporate philosophy than an entrenched position. Businesses are committed to avoiding conflict as best they can. But as outsiders in a host country they must remain neutral: actively negotiating between warring parties cannot be part of their licence to operate. Business therefore cannot *openly* take part in conflict resolution and peacebuilding activities.

Because of the reputational and security risks involved in participating in peace mediation processes, companies rarely become involved officially, and if they do, it is with the utmost confidentiality and discretion. If the private sector contributes to conflict transformation efforts – for instance, through good offices or by supporting higher national interests – it is often on condition that its non-core contribution remains secret. If its contribution is publicised, its licence to operate and the safety of its staff, operations or infrastructure on the ground might be at risk. This need for discretion – for security or competitive advantage – is certainly one of the reasons why business's engagement in peacebuilding or conflict mediation as a facilitator or information intermediary is rarely properly investigated or publicised. Short-term political ambitions only contribute to business's caution when publicising any involvement in conflict prevention or resolution.

In terms of 'economic' peacebuilding, the private sector is encouraged to use its direct economic influence to promote peace. In terms of so-called 'political' peacebuilding, the private sector participates in initiatives such as 'policy dialogues' with local stakeholders. According to International Alert,[11] this more political form of engagement includes participating in truth and reconciliation commissions; supporting weapons hand-ins; providing capacity-building support for local government, including judicial and police forces; supporting initiatives to attract foreign investment; and helping the local private sector build capacity and governance systems.

In a number of cases the private sector has decided to act as an agent of prevention in order to mitigate violence. One example is the campaign led by the Kenya Private Sector Alliance (KEPSA)

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11   J. Banfield, C. Gündüz and N. Killik (eds), *Local Business, Local Peace: The Peacebuilding Potential of the Domestic Private Sector*, London, International Alert, 2006.

and its 100,000 members following the 2008 electoral violence in that country. This violence caused major disruptions to the Kenyan tourism, tea and flower industries: exports fell by up to 40% in some areas of the country, while tourist inflows decreased by more than a third and job losses increased dramatically. The private sector decided to embark on a five-year corporate campaign to prevent possible violence ahead of the 2013 elections. Many initiatives were conducted, including a communication and training campaign in cooperation with civil society organisations, interfaith groups, developmental partners and the media. KEPSA is also reported to have supported legislative advocacy to tackle the causes of poverty in Kenyan society, lobbied key politicians to commit to peaceful elections, and pressured members of the media to avoid inflammatory content in their publications. Mobile operators also took steps to prevent their networks from being used to disseminate political hate speech. This local perspective on conflict transformation remains an important avenue for further research.

5 Business's motivations to remain in violence- or conflict-affected zones

Assuming it has the possibility to leave a violent or conflict area, a company might still decide to remain in an unstable environment for four main reasons. Firstly, it might still be able to make a profit: costs related to the conflict do not outweigh the income the business can generate. While ensuring income for both the company and its local staff, the company thus contributes to preserving some kind of economic normality for local communities. Heineken, the Dutch brewer founded in 1864, imported its first beer into Africa in 1900. It is now present in 23 African countries. The current CEO, Jean-François van Boxmeer, worked in Rwanda in the early 1990s. He then moved to the DRC, where he helped to deal with the refugee crisis that followed the 1994 Rwandan Genocide.

Among the refugees were many of Heineken's Rwandan employees and their families. As general manager of Bralima, Heineken's DRC subsidiary, Van Boxmeer decided the company would help his former Rwandan employees, offering shelter and basic income. This meant that the company's resources would go to humanitarian aid rather than running the company. But it was the only possible decision, Van Boxmeer says: "The larger the company, the larger the stakes. But you have a social contract. It's one of the crucial elements for a leader to remember and live by."[12]

Secondly, if the company represents the interests of a foreign state, it might need to balance the evolution of the relationship between its home country and its host government with regard to the conflict; this relationship will have an impact on its dealings with local authorities and its host government. It might not be in a position to balance the risk/opportunity equation, but the company will remain in the country for the purposes of its home government's national interest. Total is one of the major world oil companies, and the French government has a 15% stake in it (down from 34% in 1992). Active in Burma/Myanmar since 1992, the company's investments in the country are guaranteed by the French government through Coface (Compagnie française d'assurance pour le commerce extérieur). Over time, Total expanded its direct investments to become the largest foreign investor in Burma after all the major MNCs left the country following boycotts. In 2002 a case was filed against Total in Brussels by four Myanmar refugees for alleged complicity in violations of human rights in the course of the construction and operation of the Yadana Gas Pipeline. Belgian authorities dropped the case in 2008.[13]

12   P. Vanham, "How Heineken's CEO Went from Congo to the Company's Top Spot", LinkedIn, 22 July 2015, https://www.linkedin.com/pulse/how-did-heinekens-ceo-go-from-congo-global-peter-vanham

13   Business and Human Rights Resource Center, "Total Lawsuit in Belgium (re Myanmar)", 2014, https://business-humanrights.org/en/total-lawsuit-in-belgium-re-myanmar

Thirdly, the business might simply 'hold the market' and secure future resources or interests, as part of a long-term business strategy in the sector or region, and as mandated by its shareholders. And, finally, the company might decide to keep its operation active in a conflict zone to gain critical learning experience and ultimately improve the way in which it operates. When he sent the French army into Mali in 2013 to deal with an insurrection in the north of the country, President Hollande recommended that French citizens should leave the country, but hardly any left. In 2010, 60 French-owned subsidiaries and companies were in Mali, mainly in Bamako. These companies were active in mining (Vinci and Bouygues via subsidiaries), banks (BNP Paribas), telecoms (Alcatel-Lucent), transport (Air France), etc. Most of them considered that if security measures were put in place early, it was possible to continue working in near-normality; for instance, to limit travel and risk, employees could move into and live in the work site. Security procedures were submitted to the local French embassy for its future evacuation plans.

Some businesses are considered better peacebuilders than others, partly because of their exit options or the amount of capital invested. Extractive industries have few options in conflict-affected areas and require high investments over decades, but they also have powerful incentives to contribute to peace. Despite this economic stimulus, the extractive industry is often criticised for continuing to work in conflict-affected areas, while industries like tourism or telecoms are regarded as better suited to peacebuilding activities.

6 Engaging Business in Private Diplomacy

Would world affairs benefit from integrating the private sector into a clear UN mandate or as part of a new system of governance engaging traditional and new parties to multilateral diplomacy? First and foremost, business needs to recognise that conflicts provoke many emotions, "which in turn play a crucial role in the evolution of conflict".[14] If greed and grievance are the main sources of conflict, then government and business might very well share responsibility for a conflict. Poverty, social inequality, unemployment or divided identity politics fuel conflict, particularly when accompanied by illegal behaviour on the part of governments – through corruption or illegitimate private wealth accumulation, or when divisive political leaders plant the seeds of ethnic conflict. But this can also be the case when companies indulge in illegal or irresponsible behaviour.

Governments' interests have always gone beyond their national borders, leading to foreign conquests and in many cases causing massacres and atrocities. These conquests were mostly conducted through either direct or indirect engagement. The private sector also contributed to these conquests, with the blessing of states, for better or worse, working with governments to export alleged liberalisation and democratisation. An example of direct military engagement is the 2003 invasion of Iraq. A more recent example of indirect engagement is when Nasdaq-listed companies were sent as emissaries to Iran in 2013 [15].

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14   G. Carbonnier, *Humanitarian Economics: War, Disaster and the Global Aid Market*, London, Hirst, pp.30-32.

15   General Motors traveled to Iran on this occasion, drafting contracts for the resumption of GM's activities In Iran. To ensure US success, President Obama signed the Executive Order Act 13645 on 3 June. This presidential decree sanctioned any foreign entity that sold or supplied parts or services to the Iranian automobile sector but did not prohibit the supply of vehicles. Renault being the main foreign operator with 90,000 cars produced in 2012, the US decree clearly targeted France. Furthermore, *United Against Nuclear Iran* summoned Carlos Ghosn, the boss of Renault, to withdraw from Iran under penalty of American sanctions (G. Malbrunot, "En Iran, l'offensive discrète des entreprises américaines", *Le Figaro*, 4 October 2013)

Because of the perceived shortcomings of governments and their political agendas, as well as business's considered failure to act responsibly, new actors have entered conflict-resolution or mediation efforts: the Crisis Management Initiative, the Carter Center's Conflict Resolution Programme, the United States Institute of Peace and the Geneva-based Centre for Humanitarian Dialogue. These private organisations actively participate on behalf of governments in Track Two diplomacy (as part of unofficial government diplomacy), but also increasingly in Track One (official government) diplomacy initiatives, exploring new channels or contacts when the official lines of communication and negotiation have broken down. Their lack of a political mandate is recognised by all parties to mediation processes and is a welcome development in a peace market that has suffered from the presence of actors who promote peace, democracy and human rights, but do not strictly abide by the principles of impartiality, neutrality and independence. Mediators themselves mention the relevance of business actors in the two diplomacy tracks and the increasing importance of business actors as economic actors and facilitators in fragile states: "local business actors may have more leverage within track 2 processes than as part of a large internationally peace mediation process."[16] From the mediator's point of view, "it is of little relevance whether (the business) becomes engaged in a peace process for personal business interests or for more altruistic interests in peace".[17]

The United Nations has frequently supported the view that the private sector can be a powerful agent of change. However, in real life the UN still considers two actors to be relevant in conflict resolution and peacebuilding processes: civil society/NGOs and armed actors. Peace operations have never been expressly mandated to consult with business or to help regulate their impact on peace, including in countries where the UN Security Council (UNSC) has imposed trade sanctions. This (voluntary?) decision by the UN and UNSC not to work with pro-peace businesses indicates a wider institutional pattern: "It is irresponsible of UN practice to ... overlook the way in which these actors might help – or hinder – near and long-term conflict transformation."[18] Combining the resources, expertise and leverage of all possible actors would probably produce a more formidable force for peace.

The only reference to business being consulted can be found in the December 2005 founding mandate of the UN Peace Building Commission (PBC); since then, neither the PBC annual session reports nor working papers for 2013, 2014, 2015 and 2016 mention encouraging the possibility of engaging with business in any peace process – with the exception of local business, which is merely reminded of its duty to pay taxes ...! One might consider that this is because business is publicity shy on topics it considers to be of political relevance. Or it might be because business has simply not wished to be actively involved in any PBC activities. The truth lies certainly somewhere between the PBC not knowing how to engage business and business not wishing to be seen as active in what it perceives to be part of the political arena. However, since perceptions effectively constitute reality, the PBC seems to be missing out on the engagement of an important stakeholder, while business is guilty of not supporting the peace efforts of intergovernmental organisations.

The feeling is that economic transformation might exclusively be the responsibility of policymakers. The absence of the private sector in the so-called inclusive approach to peacebuilding and the absence of engagement with businesses to generate improvements represent at best

16   A. Iff et al., "Money Makers as Peace Makers? Business Actors in Mediation Processes", swisspeace Working Paper No. 2/2010, p.24, http://www.swisspeace.ch/fileadmin/user_upload/Media/Publications/WP2_2010.pdf

17   swisspeace/CS ETH Zurich, "Peace Mediation Essentials: Business Actors in Mediation Processes", December 2010, p. 2, http://www.swisspeace.ch/fileadmin/user_upload/Media/Topics/Mediation/Resources/Peace_Mediation_Essentials_Business_Actors.pdf

18   J. Ford, *Regulating Business for Peace: The United Nations, the Private Sector, and Post-conflict Recovery*, Cambridge, Cambridge University Press, 2015.

an omission and at worse ignorance on what important stakeholders can potentially contribute to building peace. As things stand today, except in communication and fund-raising events, the private sector is not considered as a sound partner in peace processes. There is hardly any formal record either in UNSC mandates or UN peace operations (MONUSCO, UNOCI, UNMISS, etc.) of consulting with commercial entities such as trade professionals, purchasers, suppliers or commercial agents. UN entities only address regulatory issues through civil society monitoring. The UNSC engages states to take the necessary measures to deal with natural resources-related conflicts and invites international financial institutions to contribute to establishing regulatory governance: it does not consult on, engage with or regulate this process, and does not deal with the issue directly.

Should the UNSC adopt a wider mandate, no doubt responsible companies active in natural resources would support conflict transformation efforts in post-conflict areas, but without an "exceptional transitional business regulatory role".[19] Business could also proactively initiate networks and engage actors or trade associations in the post-conflict business sector to adopt responsible peace-related business self-regulation.

7 Routes for a truly inclusive approach

A case can be made for a new kind of responsible leadership to support integrated and comprehensive peace processes through mediation. Through a collective, cooperative approach, the underlying causes of conflict could be addressed; such an approach would include companies, NGOs, labour organisations, and local and national governments. This approach might take time to set up and implement, but it would bring hope to and positive developments for all parties involved:

It will be argued that the factors affecting the issue are not within the control of companies – it is a matter for government. Or it will be claimed that the issue is not as widespread as suggested and that things are not really so bad. Or that it would require industry-wide effort to have an impact. Companies, like NGOs, are human organisations and they suffer from the natural conservatism of all human organisations – they like to carry on doing what they have been doing successfully for years and tend to resist any change to a smoothly running system.[20]

Understanding possible informal engagements among political actors, mediators and business, as well as the role of each industry within the economy, must be explored in order to influence the overall process. One of the most successful ways in which business can support peace has been through trade associations, including businesspeople from both sides of the conflict. Mediators praise their direct or indirect, pragmatic, economics-focused, bridge-builder approach [21] and consider that it is relevant to include business actors, depending on the context or the stage of the mediation process: early in the process as part of formal Track One initiatives or on their own initiative in a Track Two or Track Three process; during the negotiation phase, using their knowledge of economic development, trade or employment; and/or during the implementation phase, for instance by providing suitable jobs to former combatants, thus providing them with gainful options other than armed violence, or hiring people from all sides of the conflict, thus contributing to breaking down stereotypes and biases.[22]

Facilitating informal, off-the-record talks between mediators and businesses is also a route that needs to be systematically explored. The inspiration for

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19   Ibid.

20   M. Moody-Stuart, *Responsible Leadership: Lessons from the Front Line of Sustainability and Ethics*, Oxford, Greenleaf, 2014, p.36.

21   swisspeace/CS ETH, *Peace Mediation Essentials*, p.8.

22   Ibid., p.12.

these informal/briefing talks between business and mediators is as much about rebuilding trust as building knowledge and understanding on both sides. For instance, the private sector was successfully involved at the Track One level in the recent successful negotiation process between the Colombian government and the Revolutionary Armed Forces of Colombia (FARC), playing an important informal role throughout these negotiations. Some businesspeople were even members of the negotiation team. The government, the FARC and the business sector themselves welcomed the private sector's engagement: "Business leaders held off-the-record meetings of multi-sectorial groups in order to generate space for developing personal relationships."[23] Members of the business sector sponsored and were involved in public demonstrations and activities to protest against the conflict and lobbied on numerous public occasions for a peaceful settlement. Business representatives also established contact with an imprisoned leader of the other main Colombian armed opposition group, the National Liberation Army, "leading to the signing of a goodwill accord pledging the parties to seek a solution to the Colombian crisis".[24]

The first major work on business-based conflict transformation is less than 20 years old.[25] The World Bank has found that the first thing that must be dealt with after the restoration of peace and the examination of various fundamental social issues is the question of establishing a framework for restoring business.[26] The past decade has seen

an increase in initiatives to address a possible multi-stakeholder approach to conflict transformation, including MNCs and local businesses.[27] On the basis of these principles, further initiatives have been launched such as the Organisation for Economic Co-operation and Development principles on MNCs and the International Bill of Human Rights of the International Finance Corporation, which is the World Bank's lending arm.

But the debate is still largely dominated by policy built on examples of businesses sustaining and fuelling violent conflict – largely reported by civil society and raised as banners to condemn all businesses indiscriminately. Corporate-bashing (or brand-bashing) - as NGO-bashing - are probably not the most promising strategies to achieve inclusive dialogue. A new type of engagement is needed to avoid the institutionalisation of business models such as Greenpeace's[28], which replicate bipolar models of good versus evil. The misinterpretation of how companies perceive a peace process has, for instance, led to the publication of some negatively oriented guidance for corporate engagement in conflict transformation, i.e. "good corporate practice is about negative peace and what companies should not do".[29] There is nevertheless a growing interest in constructive ways of including companies in conflict management and peace support, recognising what business has achieved as well as understanding business's perspectives on the potential and limits of corporate engagement.

23   A. Rettberg, "Local Business' Role in Formal Peace Negotiations", in Banfield, Gündüz and Killik (eds), *Local Business, Local Peace*, p.51.

24   A. Rettberg, 2007, p. 486 in A. Iff et al., "Money Makers as Peace Makers? Business Actors in Mediation Processes", swisspeace Working Paper No. 2/2010, p.16, http://www.swisspeace.ch/fileadmin/user_upload/Media/Publications/WP2_2010.pdf

25   J. Nelson, *The Business of Peace: The Private Sector as a Partner in Conflict Prevention and Resolution*, London, Prince of Wales Business Leaders Forum, International Alert and Council on Economic Priorities, 2000.

26   J.-D. Wolfensohn, Statement during a special session on the role of business in conflict prevention, peacekeeping and peacebuilding, UN Security Council, 15 April 2004, http://siteresources.worldbank.org/INTCPR/214578-1112884026494/20482671/

Role+of+WB+in+Conflict+and+Development.pdf

27   J. Ruggie and T. Nelson, *Human Rights and the OECD Guidelines for Multinational Enterprises: Normative Innovations and Implementation Challenges*, Harvard Kennedy School of Government, Corporate Social Responsibility Initiative, Working Paper No. 66, May 2015, p.5. https://www.hks.harvard.edu/index.php/content/download/76202/1711396/version/1/file/workingpaper66.pdf

28   See the Greenpeace campaign against Timberland in J. Swartz, "Standing up to 65,000 Angry Activists", *Harvard Business Review*, September 2010; and W.M. Hoffman, R.E. Frederick and M. Schwartz (eds), *Business Ethics: Readings and Cases in Corporate Morality*, Chichester, John Wiley, 2014).

29   A. Iff, "What Guides Businesses in Transformations from War to Peace?" in A. Pigrau and M. Prandi (eds), *Companies in Conflict Situations*, Barcelona, International Catalan Institute for Peace, pp.153-78.

In "Money Makers as Peace Makers? Business Actors in Mediation Process",[30] swisspeace identifies 14 case studies where private sector efforts complemented those of the public and civil society sectors. These were in Colombia, Cyprus, the DRC, El Salvador, Guatemala, Aceh/Indonesia, Kenya, Mozambique, Nepal, Northern Ireland, Somalia, South Africa, Sri Lanka and Sudan. There is an obvious need for more research from the business perspective, and particularly on the governance of MNCs and the role that MNCs' local subsidiaries can play in violence prevention and conflict resolution.

8 Conclusion

This paper has focused on cases where the private sector supported private and/or multilateral diplomacy. Such cases indicate that building trust and engaging both traditional and new parties to peace talks might allow a better understanding of a conflict resolution and peacebuilding process and improve cooperation. The paper also explored ways in which world affairs would benefit from integrating the private sector into peacebuilding and suggested routes for a truly inclusive approach to advance peace processes.

A successful peace agreement often brings peace dividends. Liberia's economy grew at an annual rate of 11% after peace was achieved, South Africa is still one of Africa's most advanced economies, Aceh has become a source of economic and political innovation for its region, Mozambique has experienced an average growth of 7% (except for 2013 and 2014), and Northern Ireland experienced economic growth of 3.2% in 2005, almost twice as much as the United Kingdom as a whole. But the international community has also engaged in a number of unsuccessful attempts to build sustainable peace in war-stricken areas/ countries such as Bougainville (2001), Liberia (2003), and Sudan and South Sudan (2005).

Despite comprehensive peace agreements and going through the same path of security building, governance building and transitional justice as successful peacemaking efforts, all these areas/ countries experienced outbreaks of instability and violence, in particular during elections.

Less than half of the peace agreements referred to above included an economic dimension in their settlement:[31] there was no mention of reinvigorating post-war economies, no ways of supporting the reconstruction of a local private sector, no plans to revive a war-torn society, and no reference to economic reforms. If state-building must rightly remain an internally driven process, economic recovery remains a turning point between success and failure in peacebuilding, because failure retards development and holds back foreign investment. Surely it is time for comprehensive peace agreements to become truly comprehensive and include the private sector as one of the most important sources of the widespread economic empowerment that is needed to mitigate the effects of conflict and violence?

30   Iff et al., "Money Makers as Peace Makers?", pp.16-19.

31   UN Development Programme and Crisis Management Initiative, "Peace Processes and Statebuilding", in J.-K. Westendorf (ed.), Why Peace Processes Fail: Negotiating Insecurity after Civil War, Boulder, Lynne Rienner, 2015, p.17.

About the author

Ms Misha Nagelmackers-Voïnov started her career with Credit Suisse in Zurich and subsequently took on responsibilities in Lausanne, Paris and New York. She then worked for Royal Dutch Shell in London as part of its CSR change program before switching to South African conglomerate Anglo American plc in London. Shortly after the birth of her third son, she joined BCGE, the Geneva state bank (CH) as Director of Corporate Affairs & Investor Relations and associate member of the bank's executive board. Misha holds an Executive Master in International Negotiation and Policy-Making from the Graduate Institute in Geneva. She previously studied Journalism and Media Law at the University of Fribourg. Misha is a member of Woodz Public Affairs and an Executive-in-Residence with GCSP.

Acknowledgments

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