

# A Seat at the Table:

## Capacities and Limitations of Private Sector Peacebuilding

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A collaborative learning project of:





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# Acknowledgments

CDA, PRIO, and ACDS would like to thank the Carnegie Corporation of New York and the Norwegian Ministry of Foreign Affairs, whose generous grant made the project possible. We would also like to thank the Swiss Federal Department of Foreign Affairs for its support for several of our Colombian case studies.

The team would also like to thank everyone who shared with us their time, their perspectives, their personal experiences, and their patience — community members, government officials, company staff, and others who contributed to the development of the case studies, as well as experts in a number of fields who contributed so much to our consultations. In some cases, companies provided logistical support in various forms to assist our field teams.

We would like to extend our deepest gratitude to the members of the project's advisory group (Annex IV), who gave generously of their time, insights, and experience to help us bring the germ of an idea to fruition as shareable learning. Their support in the development of our lines of inquiry, case identification, analysis, and ongoing guidance were critical to this effort.



# Executive Summary

This report presents the findings of a two-year learning project focused on identifying effective, peace-positive roles for the private sector in fragile and conflict-affected environments. It incorporates in-depth case studies, literature reviews, and extensive expert consultation. It was carried out by CDA Collaborative Learning (CDA), the Africa Centre for Dispute Settlement at the University of Stellenbosch Business School (ACDS), and Peace Research Institute Oslo (PRIO). It was funded by the Carnegie Corporation of New York and the Norwegian Ministry of Foreign Affairs, with several of the Colombia case studies funded by the Federal Department of Foreign Affairs of Switzerland.

The project's point of departure is the marked transformation over the past decade in the discourse on companies' roles in conflict environments. Understanding of the management of social impacts has grown as consensus builds that companies must avoid negative societal impacts — through, for instance, complicity in human rights violations or through operational impacts that create social and environmental harm — as a matter of both risk management and responsible corporate citizenship. Beyond this, a growing number of scholars, governments, NGOs, and multilateral agencies argue that businesses can, do, and should act in ways that also contribute to peace.

Within this context, the project documents a wide range of company practices, connects these to the theories and assumptions on which different approaches are built, and assesses evidence of impact on key drivers of conflict and peace — those factors without which the conflict would not exist or would be significantly different. It also provides practical insights for more effective planning of business practice and interventions intended to influence business practice by peacebuilders, policy makers, and companies themselves.

## Following are key lessons of the project:

**Private sector enterprises in fragile and conflict-affected contexts are neither intrinsically peace-positive nor intrinsically peace-negative.** Whether the impacts of foreign investment, corporate initiatives, and the like are positive or negative in terms of peace depends on how a company operates and how it engages with other actors. A company that actively monitors and manages its impacts, particularly its impacts on drivers of conflict, can avoid negative impacts on conflict.

**Companies have discernible peace-positive impacts when they help build and sustain the conditions under which they and other actors can more constructively address issues that drive conflict.** Space for dialogue, efforts towards new or reformed institutions, platforms for disenfranchised parties to be heard, and other collaborative initiatives that companies support can induce conflict actors to address differences or change their perspectives on conflict issues.

**Companies that create positive impacts on peace and conflict demonstrate both exceptional abilities and exceptional willingness.** Transforming peace and conflict dynamics in a positive way requires a company to go beyond ordinary business activities or corporate social responsibility (CSR) initiatives to address key drivers of conflict and peace. Since some powerful actors have an interest in maintaining conflict systems, companies that contribute to peace take calculated, substantial risks to engage in and around contentious sociopolitical dynamics.

**A company that contributes to peace is not categorically different from other peacebuilding actors.** While a company may possess a relatively distinctive portfolio of resources that are relevant to peacebuilding aims, its peacebuilding impact results from archetypical peacebuilding assets: its social capital among people with direct influence over questions of conflict and peace; its control over economic resources in which other actors have an interest; its influencing and convening power; its ability to confer legitimacy on others, particularly marginalized actors; and/or its ability to create mechanisms for addressing grievances, particularly for marginalized populations.

**Private sector companies are more likely to act when the presence of conflict or the absence of peace impacts their ability to establish or maintain operations.** Not all companies nor all the individuals within any one of them have the same motivations, and company actions in peacebuilding contexts cannot be understood wholly in terms of financial calculations. All the same, companies that address conflict issues generally characterize their engagement as solving a problem that is important to their business, not as peacebuilding per se.

**There appear to be limitations on the scope of impact of an individual company.**

When an individual company demonstrates positive impacts on conflict, it typically does so within the sphere of its operational activities, or "local"-level conflict. Positive impacts on drivers of conflict at the society-wide, or "macro" level, is more readily apparent when action is undertaken by a consortia of businesses together with other social actors.

**Company efforts to build peace suffer from the same challenges and shortcomings as those of other peacebuilding actors.** Macro-level efforts that address discrete conflict drivers may have some positive impacts on peace but are unlikely to result in sustained peace if they are not integrated into broader, systematic, or coordinated peace efforts that include actors from other sectors. Even efforts that are highly successful in addressing conflict issues within specific local contexts do not necessarily have any impacts at all on society-wide conflict.

## Following are key takeaways of the project from different perspectives:



Key takeaways for **companies** that aspire to help build peace include the need to start from a firm foundation: nuanced understanding of conflict dynamics and conflict-sensitive business operations that both mitigate risks of exacerbating conflict and build credibility with other actors. Companies can then mobilize their networks and resources to catalyze positive relations between other actors in the context, facilitate constructive action together with other peace-minded actors, and influence decision-makers in questions of conflict and peace — realizing that their strength as peacebuilders comes less from their ability to change material conditions on the ground than from their ability to help positively shape power relationships and institutional arrangements that underlie conflict.



Key takeaways for **peacebuilders** include the need to deal with companies as with any other actor in a conflict environment: engaging realistically based on the perceptions, interests, and incentives of a particular company within its context today while working toward a more peace-positive mind-set and role for the future. This is facilitated by examining the intersection of peacebuilding with a variety of corporate agendas and constraints in conflict environments, as well as by understanding the distinctive comparative advantages of companies as peacebuilding allies: as access points to key people, conveners, and actors able to help increase the voice and legitimacy of disenfranchised parties. It is also facilitated by understanding a company as a heterogeneous entity in which different levels, functions, and leaders may have different interests in, and appetite for, peacebuilding action.



Key takeaways for **policy actors** include the imperative to distinguish between private sector policy and action that creates external social value, on the one hand, and that which builds peace, on the other hand. To the extent that policy actors aspire to change key driving factors of conflict and violence sufficient to achieve "Peace Writ Large," there is a need to analyze the key drivers of conflict and peace, conceptualize tailored strategies for addressing conflict dynamics and supporting peace dynamics that include a private sector role, and act in collaboration with like-minded actors. In support of business and peace efforts specifically, policy and donor support may usefully focus on space and support for multi-stakeholder dialogue on questions of conflict and peace; accelerating the conflict-sensitive business practice agenda; and applying a conflict lens to policies related to private sector promotion — with particular attention to possible unintended negative impacts of private sector promotion on those most affected by conflict.

## Project Overview

This report presents the findings of a two-year, case-based learning project entitled “Engaging the Private Sector as New Peacebuilding Actor.” The project was carried out by CDA Collaborative Learning Projects (CDA), the Africa Centre for Dispute Settlement (ACDS) at the University of Stellenbosch Business School, and Peace Research Institute Oslo (PRIO) and funded by the Carnegie Corporation of New York and the Norwegian Ministry of Foreign Affairs, with several supplementary Colombia case studies funded by the Federal Department of Foreign Affairs of Switzerland.

This report is the project's capstone document. It synthesizes findings developed over the course of the project and builds on the projects' other documents. Those include case study reports, consultation reports, synthetic, scholarly reviews of existing literature, and blog posts. Most of these documents can be found on [CDA's website](#), with supplementary documents available on the [PRIO website](#). See Annex 1 for a bibliography of documents produced as work products of the project.

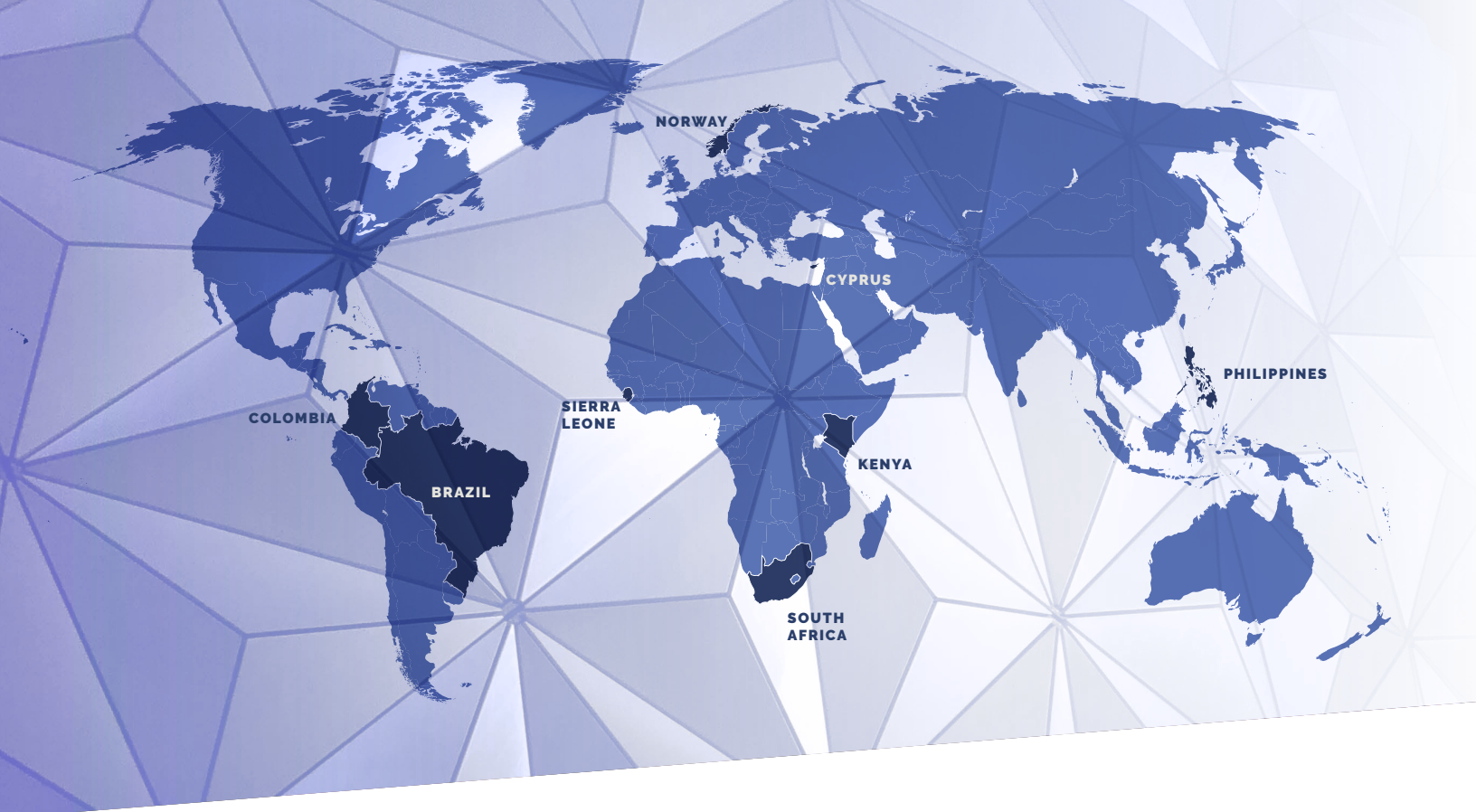


 **PROJECT PURPOSE**

This project documents intentional efforts by a business actor or set of actors to positively affect the dynamics of conflict and peace, and traces those efforts to discernable outcomes within the context in which corporate activity takes place.

To this end, we carried out 11 in-depth, field-based case studies on four continents during the two-year project. The case studies, and the analysis that flows from those, center on private sector entities. In some of the case studies, those entities are individual corporations, and in others they are business associations or groups of businesses acting in concert or through an organization that represents their interests.

The goal of the case studies was to identify the impacts, positive and negative, of individual or coalitions of private sector actors on dynamics of conflict in the background context, and to understand how those impacts related to drivers of conflict and peace at both the local and society-wide levels. The case studies are based on interviews with staff and stakeholders of those private sector entities, participants in the events described in the case studies, and experts familiar with the cases and the contexts in which they occurred, on internal corporate documents, and on secondary source materials where those were available. Each of the case studies is a free-standing project document.



**Case studies were developed about the following companies or private sector actors:**

- ▶ [Unifrutti-Tropical Limited Inc. in the Philippines;](#)
- ▶ [Norsk Hydro in Brazil;](#)
- ▶ [The Kenya Private Sector Alliance \(KEPSA\) in Kenya;](#)
- ▶ [The Consultative Business Movement \(CBM\) in South Africa;](#)
- ▶ The Chambers of Commerce in Cyprus;
- ▶ [ISAGEN in Colombia;](#)
- ▶ [OCENSA in Colombia;](#)
- ▶ [Tipiel in Colombia;](#)
- ▶ [Federación Nacional de Cafeteros \(FNC\) in Colombia.](#)

See Annex 2 for a list of the case studies. The companies themselves represent a broad range of industries – energy, agribusiness, mining and refining, and engineering and construction. Some of the companies in our case studies operate in only one country; others are multi-national corporations. Most are medium to large size operations that, by virtue of the nature of their industry, have location-dependent operations with long time horizons, often in geographical areas that are economically marginal within the host country.

Two additional case studies did not focus on business actors with operations in fragile and conflict-affected states, but were nevertheless instructive for contextualizing the other nine case studies: a country study of the role of the private sector in relation to persistent patterns of fragility in [Sierra Leone](#), and a case study of NorgesBank (which manages the Norwegian Sovereign Wealth Fund), focusing on its management of investments in companies that operate in fragile states.

Case studies were selected based on the plausibility of the claim that the private sector actor in question had positive impacts on peace, and the willingness of the private sector actor along with other stakeholders to participate in the case study. Linking corporate actions to peace impacts required enough time to have elapsed to capture a complete picture of the company and community's experience of events. Several cases are historical, and were documented through consultation with relevant stakeholders who were asked to reflect upon the experience through the project's lines of inquiry. The goal was to develop a pool of case studies of companies that were to some degree effective in positively impacting peace, in order to identify patterns characteristic of the case studies as a group. Documented, positive cases are still uncommon globally, and our efforts to establish viable case studies echo observations of colleagues about the difficulty of identifying evidence that directly supports claims about the positive effects of private sector actors on peace.

### **A NEED FOR BETTER EVIDENCE ABOUT BUSINESS AS A PEACEBUILDING ACTOR**

The past decade has witnessed a groundswell of interest in the private sector as an engine of development, an inhibitor of fragility, and as a category of actors that has an ability to shift conflict dynamics in a manner that favors peace in fragile and conflict-affected states. Some scholars, NGOs, governments, and multilateral institutions increasingly posit that there is a unique, foundational, and as yet untapped role for the private sector in advancing peace and curtailing fragility.<sup>1</sup>

Despite the increasing frequency of assertions that the private sector can play such a role, there is relatively little reliable or practically useful evidence about what specifically private sector actors might do to fulfill it. Policy makers, peacebuilders, and companies themselves consistently express uncertainty about what, exactly, should be asked of companies vis-à-vis peace: whether the job creation and economic growth to which private sector actors contribute is itself already peacebuilding;

the relationship of peacebuilding to ongoing efforts to adhere to global standards of performance, advance the Sustainable Development Goals (SDGs),<sup>2</sup> or improve the impact of CSR efforts; or the ways in which core company operations and other activities would need to be undertaken in order to constitute "peacebuilding" — and for all of these questions, how, where and why.

The existing literature on business roles in peacebuilding does not offer much that could help to answer such practical questions. Hoffmann<sup>3</sup> observes that documented evidence of business impacts on peace in real-world contexts remains anecdotal. Efforts to substantiate contributions to peace by the private sector rarely demonstrate concrete linkages between the activities of private sector actors and their impacts on existing conflicts in a specific context. Real world contexts of conflict and fragility are frequently treated as relatively homogeneous or static backdrops against which businesses' operational activities and peace efforts unfold, with little attention paid to the specific nature and dynamics of conflict or how business' activities interact with them. These empirical shortcomings — either due to a lack of impacts or simply a lack of data — have impeded efforts to develop practical insights that might inform the actions of specific companies operating in specific contexts of conflict.

These gaps have practical, real-world consequences: for corporations that aspire to positively contribute to their operational environments; for international actors — including development finance institutions, bi-lateral agencies, and multi-lateral institutions — that articulate, finance, and operationalize the international community's approach to fragile and conflict-affected states; and for peacebuilding actors. Lack of clarity about all of the foregoing issues has significant implications for the way resources are mobilized and channeled, and for the way initiatives are designed and implemented. Faulty assumptions about what works and what does not can lead to the misallocation of resources, or worse, outcomes that intensify conflict, deepen fragility, or both.<sup>4</sup>

<sup>1</sup> See: Miklian, Jason, 2017. "Mapping Business-Peace Interactions: Opportunities and Recommendations." *Business, Peace and Sustainable Development* 10(4): 3–27; Oetzel, Jennifer and Jason Miklian, 2017. "Multinational enterprises, risk management, and the business and economics of peace." *Multinational Business Review* 25(4): 270–86.

<sup>2</sup> For more see: <https://sustainabledevelopment.un.org/?menu=1300>.

<sup>3</sup> Hoffmann, Anette, 2014. "From 'business as usual' to 'business for peace'? Unpacking the conflict-sensitivity narrative." CRU Policy Brief No. 28; February 2014. The Hague: Clingendael Institute. P. 4.

<sup>4</sup> See Anderson, Mary B., and Luc Zandvliet. *Getting It Right: Making Corporate-Community Relations Work*. Sheffield: Greenleaf Publishing, 2009; Miklian, Jason, Peer Schouten, Cindy Horst and Øystein Rolandsen, 2018. "Business and Peacebuilding: Seven Ways to Maximize Positive Impact." PRIO Report. Oslo: PRIO.

The question at the heart of this project relates to the effectiveness of companies' efforts: what works, and what does not work, to reduce conflict and build peace. This framing relies on distinction between – “working in conflict” –and peacebuilding – “working on conflict”.

**Conflict sensitivity** is an approach to operations in conflict settings that does not necessarily have peace as a specific goal; it rather aims to enable operations to go forward in a way that reduces the intensity of conflict and, where possible, supports peace.

**Peacebuilding** is an effort or efforts that are designed and implemented with the advancement of peace as a primary objective and rationale.

Our analysis identified patterns across the case studies that suggest that companies can in fact operate in ways that help establish or sustain peace, or to mitigate conflict. However, the patterns we observed suggest that this happens in ways that are quite different from those posited by the most enthusiastic exponents of a private sector role in peace, and that it happens more infrequently and with much greater difficulty than the excitement amongst policy actors would imply. The following sections of this report therefore detail what positive impacts of private sector actors in peacebuilding look like when they happen, describe what enabled these positive impacts to occur, and provide evidence about how they work in practice.

## **A METHODOLOGY TO FOCUS ON PEACEBUILDING IMPACT**

We understand peacebuilding to consist of efforts that are intended to:

- ▶ “Stop violence and destructive conflict by working to end war and violence; and
- ▶ Build just and sustainable peace by addressing the political, economic, and social grievances driving conflict and forming the foundations of sustainable peace.”<sup>5</sup>

“Positive impacts on peace” are the results of efforts that bring either or both of those aims closer to realization. The case studies took a systems approach to conflict,

conceptualizing conflict and violence as driven by multiple, interdependent factors that vary from one conflict to the next, and that may also vary across scales of conflict. CDA's Reflecting on Peace Practice Program<sup>6</sup> demonstrated that effectiveness in peacebuilding flows from the impacts that an intervention has on the “key driving factors of conflict” – factors without which the conflict would not exist or would be significantly different – in a conflict setting. This project identified practices and approaches by private sector actors that demonstrably weakened or transformed drivers of conflict, or which strengthened or transformed dynamics of cohesion. It analyzed the factors that made those practices and approaches effective.

One implication of a systems perspective to peacebuilding is that the effect of any peacebuilding intervention derives from the impacts that the activities have on drivers of conflict within a larger conflict system, and not from any intrinsic good that comes from a particular standalone activity (e.g. employing ex-combatants, de-mining agricultural land, and so on). Key drivers of conflict in any given context can only be identified through analysis of conflict dynamics; they cannot be assumed. Our case studies, and analyses across case studies, therefore situated the practices and approaches of private sector actors within analyses of the contexts and the conflict systems in which they occur.

A second implication of a systems perspective is that the impacts upon peace of an actor within an conflict system cannot be fully understood if that actor's peace efforts are analyzed in isolation from the actor's other activities and impacts. Our case studies and related analysis therefore situate the actions of companies intended to positively impact a fragile or conflict affected environment within the context of the full range of impacts, positive and negative, that these and other private sector actors had on the conflict systems of which they are part.

<sup>5</sup> Chigas, Diana and Peter Woodrow. Adding Up to Peace: The Cumulative Impacts of Peace Programming. Cambridge, MA: CDA Collaborative Learning Projects, 2018. P.2.

<sup>6</sup> For more see: <https://www.cdacollaborative.org/what-we-do/peacebuilding-effectiveness/>.



Following a comprehensive literature review and input from expert academics and practitioners,<sup>7</sup> we developed a case study protocol to ensure comparability of cases across their varied contexts. The protocol also helped ensure the rigor of findings of positive peacebuilding impact, requiring that assumed or self-reported impacts be triangulated with the perspectives of stakeholders across conflict divides and with other data sources. An Advisory Group (see Annex IV) was an integral part of this process and helped to identify case studies.

Draft case studies and preliminary findings were analyzed individually and collectively as the project moved forward through consultation sessions that brought together expert academics, peacebuilders, and private sector actors. Many experts also contributed additional observations from their own professional experiences and research. Facilitated consultations took place in various geographic locations, including [Bogotá](#), Cape Town, [Cambridge \(Mass.\)](#), [Sharjah \(U.A.E.\)](#), and Washington, D.C. to improve the heterogeneity of perspectives.

Additionally, as issues surfaced that appeared both particularly salient and common across cases, a variety of draft issue papers were developed and subjected to further expert input and deliberation. Some project findings received additional peer review as part of academic

publication processes. See Annex 1 for complete publication list.

All told, approximately 200 people contributed their energy and insight to our work process, fundamentally shaping our thinking about the issues at hand. While not a specific goal of the analytic process, it is fair to state that key project findings enjoy broad support across experts from the private sector, peacebuilding practice, and policy related to fragile and conflict affected contexts.

The project also built on the substantial existing expertise among the project partners. CDA has worked with both peacebuilding agencies and extractive industries companies in fragile states for the past 18 years, identifying and operationalizing effective practices in conflict resolution and mitigation among both sets of actors.<sup>8</sup> ACDS is a hub for research and reflection at the nexus of the private sector, conflict, and development, applying lenses of management practice in complex environments, the enabling environment for peaceful private-sector development, and third-party intervention.<sup>9</sup> PRIO has been a leading peace and conflict research institute for 50 years, and has engaged issues of the private sector and peacebuilding through many thematic angles, most of which are now housed under the Business and Peace research group.<sup>10</sup>

<sup>7</sup> See e.g. Miklian (2017) op. cit.; Miklian, Jason, Brian Ganson and Peer Schouten, 2016. "From boardrooms to battlefields: International businesses and the business for peace paradigm." *Harvard International Review* 38(3): 13–17.

<sup>8</sup> For more see: <https://www.cdacollaborative.org/>.

<sup>9</sup> For more see: <https://www.usb.ac.za/research-centres/africa-centre-for-dispute-settlement/>.

<sup>10</sup> For more see: <https://www.prio.org/> and <https://www.prio.org/Research/Group/?x=28>.



## OVERVIEW OF THIS DOCUMENT

Contextualized within the broad sweep of evidence about business impacts on peace and conflict and validated with experts and practitioners, this report describes the patterns identified across the project's 11 case studies.

Analysis of company contributions to peacebuilding focuses on what works and how it works where a private sector actor aspires to play a positive role in peacebuilding.

These patterns form the basis of lessons that have relevance beyond the 11 case studies, translated into practical implications for actors seeking pathways for constructive action in fragile contexts. These are pertinent to companies in peacebuilding environments; to policy initiatives seeking to include private sector actors in concerted efforts to sustainably improve conditions in fragile and conflict-affected states; to peacebuilders on the ground where the role of the private sector is a substantial fact of life; and to the conceptual framing of "business and peace" within academic and policy discourse.

Section 1 presents patterns of impact that we identified across our cases studies. Sections 2 and 3 explore the means that were effective in realizing those roles. Section 4 discusses the motivations of private sector actors to engage in activities that affect peace and conflict, noting that companies may be most inclined to undertake action that addresses drivers of conflict when those drivers of conflict also inhibit their business activity significantly.

Section 5 looks at the impacts identified against a benchmark of “Peace Writ Large” (PWL) – peace and conflict at the society-wide level.<sup>11</sup> The focus on PWL enables us to draw inferences from our findings for the arena of international relations and policy with respect to fragile states as such. The purpose of this exercise is to contribute to the development of effective approaches to peace that incorporate the private sector as a critical element of the approach.

Following the conclusion of the document, three discrete briefing notes on implications of the findings are presented as codas. The notes identify the implications of the findings for specific groups of actors: private sector companies, policymakers, and peacebuilders.

Elements of individual case studies are interspersed throughout this document as insets and text boxes so as to illustrate points without distracting from the primary line of argument. Full-text versions of most of the case studies, as well as other project documents that shaped analysis of the cases, are available on [CDA's website](#).

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<sup>11</sup> Anderson, Mary B. and Lara Olson, with Kristin Doughty, *Confronting War: Critical Lessons for Peace Practitioners*. Cambridge, MA: CDA, 2003.



PHOTO: JULIEN FARNES / VIA WIKIMEDIA COMMONS

## Section 1: Peace Impacts

### LOCAL AND MACRO PEACE IMPACTS

Across the case studies, business efforts to impact peace occurred primarily at the “local” level: efforts were typically undertaken by a single company and unfolded within the vicinity of that company’s activities; involved external actors with a strong local presence; and addressed dynamics of conflict and fragility as they are expressed in that particular local context.

At the local level, company efforts typically focused on ameliorating acute and violent conflict. The exceptional companies that were selected as case studies made substantial contributions to reductions in violence, interpersonal and community-level reductions in tensions, enhanced capacities to manage interpersonal conflict, and in one case, sustained, localized peace.

WHERE PRIVATE SECTOR ACTORS SUCCEEDED IN GENERATING POSITIVE IMPACTS ON PEACE, THEY DID SO BY CREATING, SUPPORTING, AND/OR SUSTAINING THE **CONDITIONS FOR ACTORS TO CHANGE THE NATURE OF THEIR RELATIONSHIPS WITH EACH OTHER.**

That is to say, while the efforts of private sector actors improved company relationships with others, those efforts often more importantly resulted in transformed relationships, for example, between communities and their government, or between popular movements and groups holding political power.

Companies typically established their roles, often with great care, so as to be peripheral or tangential to the day-to-day activities that impacted upon peace. Engagement with parties to conflict, negotiation of agreements, redress of longstanding grievances, workshops and visioning exercises with community members, and so on, were by and large managed by third party actors with company support, rather than by company staff directly. This appears to be in recognition both of what companies can do, and of what other actors will allow them to do.

Companies’ efforts to transform localized conflict were tied in significant ways to their operations, particularly the ways in which they manage the social impacts on the local context of their presence and activities. Oftentimes, corporate engagements with local communities in fragile and conflict zones can surpass those of local governments, and their perceived and/or real social responsibilities increase accordingly. The effectiveness of companies’ management of these expectations and impacts was fundamental to the nature of their relationships with local communities. Strong relationships with local communities were foundational to companies’ ability to engage communities and other external actors constructively, and to encourage them to engage with each other.





PHOTO: COLOMBIAN NATIONAL POLICE / VIA WIKIMEDIA COMMONS

## Managing Community Relations

### ISAGEN, Colombia

ISAGEN made commitments to local communities that it would advocate for their interests with the Colombian armed forces. The Colombian military provided security for the company, and the state was the company's majority shareholder at the time. A part of ISAGEN's commitment to communities, spelled out explicitly in the company-community agreement, was that the company would not share with the army any information about local communities. ISAGEN recognized that if its community relations officers engaged directly with members of the armed forces, it might generate suspicion or rumors that ISAGEN was in fact sharing information, or even just the perception that the relationship was close enough to make community members uncomfortable. To avoid such perceptions, ISAGEN adopted an operational principle that its Community Liaison Officers would only engage with government soldiers directly if it were strictly necessary for them to do so, and that they would whenever possible stay out of the presence of Colombian armed forces. ISAGEN's relations with the military were managed by its security staff.

Despite the sometimes dramatic impacts of private sector efforts on violence, interpersonal and intergroup tensions, and capacities for conflict management at the local level documented in the cases, our case studies of local level company peace efforts discerned no direct evidence of impact on macro level conflict. That is to say, the local level efforts helped to create islands of relative peace buffered from the impact of broader conflict dynamics, rather than altering those macro-level (typically national) dynamics. This is not to say categorically that there are no macro level impacts, only that, if there were such impacts, they were so diffuse and indirect that they were not traceable in our research.

This limitation of impact to the local level is not a critique; rather, it provides further evidence to the broader findings in the peacebuilding literature<sup>12</sup> that, absent concerted attention to and management of linkages, individual efforts to promote peace do not spontaneously spread or "add up" to broader societal peace. In many of the project case studies, macro-level socio-political conflict encompassing the local level peace efforts continued unabated or even escalated. We also take care to note that broader societal peace was not an established operational aim per se of the private sector actors in our cases.

<sup>12</sup> E.g. Ganson, Brian and Chigas, Diana. "Grand Visions and Small Projects: Notes from the Field in South Eastern Europe" in *Imagine Coexistence: Restoring Humanity After Violent Conflict* (2003, Antonia Chayes & Martha Minow, eds.). San Francisco: Jossey Bass. Ernstorfer, Anita, Diana Chigas, and Hannah Vaughan-Lee. 2015. "From Little to Large: When Does Peacebuilding Add Up?." *Journal for Peacebuilding and Development* 10 (1): 72-77.

In a limited number of cases identified,<sup>13</sup> private sector actors worked to address societal dynamics of conflict and fragility, often at the national level. At this macro level, groups of companies scoped their agendas more narrowly, focusing on discrete conflict issues – election violence, political transition, or formal peace agreements between conflict parties, for instance – that they believed they could and should address. They demonstrated an ability to address these in a manner that affected the course of conflict and the levels of violence prevalent in the society, at least temporarily.

At the macro level, companies demonstrated greater peacebuilding effectiveness when working through associations or groupings of companies, such as chambers of commerce or other business associations formed for the purpose of furthering specific social or political changes. Such groupings allowed companies to pool resources, amplify visibility and voice, spread risks across a larger number of actors, and create separation between individual CEOs, individual companies, and their business interests, on the one hand, and agendas for change that may be seen as having political dimensions, on the other hand. The business associations that were specifically formed to promote positive socio-political change allowed vanguard

companies to take action even as the great majority of private sector actors in those contexts was unready or unwilling to act.

At the macro level, the ability of coalitions of companies to have positive impacts on peace had little direct connection to the operational impacts of their constituent members. In some cases, the individual member companies had adverse impacts on conflict at the operational level, even as they participated in associations that worked to address conflict issues at the macro level. In addition, in these cases, networks and relationships with influential people, including conflict actors, played a critical role. In our case research, it was often difficult to disaggregate the personal networks of prominent individual businesspeople, the relations of these persons to political leaders, and institutional relationships between companies and institutions such as the armed forces that allowed private sector actors to have access to key people.

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<sup>13</sup> Cases included: Ganson, Brian, "Business in the transition to democracy in South Africa: Historical and contemporary perspectives," 2017; Austin, Jonathan Luke, and Achim Wennmann, "The Private Sector and Violence Prevention in Kenya, 2007–13," 2017; and an unpublished case on Cyprus Chambers of Commerce.



## Section 2: Private Sector Actors and Peace: Effective Roles

Our evidence indicates that the effectiveness of private sector actors to impact upon peace stemmed from their ability to play one or more of three key roles vis-à-vis other actors – including in different cases government at local and national levels, other companies, social movements, communities, and sometimes organized opposition groups – at both the macro and the local level:

- 1) CATALYST** for positive change in the relationships between other actors in the context;
- 2) FACILITATOR** of constructive activities by other actors that have an interest in peace; and
- 3) INFLUENCER** of actors who, by virtue of their official position or informal authority and legitimacy, can say “yes” or “no” to peace.<sup>14</sup>

It is not necessary for companies to play all of these roles in order to have positive impacts on peace, but it is not clear that companies can have positive impacts on peace without playing at least one. We discuss each of these roles below.

### CATALYST OF CHANGE IN RELATIONS BETWEEN OTHER ACTORS

When a company enters a new operational context, its presence and activities have the potential to change the existing relationships between other actors. Experts in conflict sensitive business practice will recognize this phenomenon from cases where the entry of the company intensifies conflict between social groups that are in competition with each other for resources.<sup>15</sup> Companies introduce new benefits and new harms, and cause these to be distributed in particular ways across local populations. They do not affect all social groupings in the same way or to the same extent. The clear, impending change in the context that is set in motion by the onset of corporate activity promises to upset established relations between actors, and makes it possible, or even necessary, for local actors to envision the future in a new way. Companies that achieve positive impacts on peace recognize this potential themselves, and invest significant effort in analyzing and managing proactively the changes that they themselves set in motion.

<sup>14</sup> These are individuals whom the Reflecting on Peace Practice Project referred to as “key people.” See Anderson, Mary B. and Lara Olson, with Kristin Doughty, *Confronting War: Critical Lessons for Peace Practitioners*. Cambridge, MA: CDA, 2003. P. 48.

<sup>15</sup> Anderson, Mary B. (2008). False Promises and Premises? The Challenges of Peace Building for Companies. In Williams, O.F. (Ed.). *Peace through commerce: Responsible corporate citizenship and the ideals of the United Nations global compact*. (pp. 119–32). Notre Dame, IN: University of Notre Dame Press.

In some cases, companies also have the capacity to trigger, launch, and/or shepherd the processes of engagement, dialogue, and negotiation through which peace outcomes are achieved by other actors in the context. It may not be necessary for the company to participate in these processes themselves, though peripheral, legitimizing roles – as formal observers, for instance – may be effective. For example, CBM and ISAGEN both were instrumental in creating the social and political conditions in which peace-related dialogues could take place. ISAGEN participated in Tolima's dialogue roundtable only as a sponsor and an observer. CBM engaged a cadre of mediators and facilitators who were themselves not staff of the CBM's corporate members. Dialogues were convened outside of the auspices of CBM member companies and in many cases the CBM member companies themselves were not represented at the dialogues.

### **FACILITATOR OF OTHER ACTORS**

Private sector actors are effective in building peace when they enable other interested parties to address conflict issues directly amongst themselves. This role involves a proactive effort by the company to first know what conditions are peace-positive and then help create the conditions in which other actors can resolve conflict and negotiate peace successfully with each other, and to shepherd the processes through which they do so. For example, the CBM established local networks throughout South Africa. These were made up of people with a range of racial identities who wanted the negotiations between the African National Congress (ANC) – the country's largest pro-democracy organization during the Apartheid era – and the National Party in power to succeed. It was recognized that, during the course of the negotiations, violence anywhere in the country had the potential to escalate, and that if it escalated too much, it might precipitate the suspension or even termination of the negotiations. When conflicts emerged in the South African countryside during the course of the negotiations, the appropriate members of the CBM's network intervened directly with the parties to interrupt the violence. In Colombia, the Federación Nacional de Cafeteros (National Federation of Coffee Growers) worked in collaboration with an international non-governmental organization and with its own networks

in local communities to arrange for workshops for community members that enhanced their abilities to resolve conflicts with each other.

### **ENGAGING AND INFLUENCING "KEY PEOPLE"**

In all of our case studies, companies generated positive impacts on peace through their networks among and ability to access "key people" with respect to the conflict. "Key people" are individuals who, by virtue of their formal office or their informal authority, have the power to "say 'yes' or 'no' to peace,"<sup>16</sup> such as military commanders, high-ranking political authorities, community leaders, "spoilers" of negotiation processes, or leaders of non-state actors contesting state power, including armed groups. Our case studies document company engagement with key people such as senior military personnel, interior ministers, heads of provincial or departmental governments, state officials (such as ombudsmen and public prosecutors) who play a role in settling disputes and administering formal justice, high-level political authorities, and international actors such as multi-lateral agencies and INGOs. Companies also demonstrated an ability to reach "the hard to reach," such as leaders of armed rebel groups. Relevant networks may be personal, between the prominent officers of the company and another individual in a key role elsewhere, or they may exist by virtue of institutional roles and linkages.

## **Connecting with Key People**

### **Unifrutti Tropical Philippines Inc. (UTPI)**

UTPI's strong relationship with the local community leadership granted the company access to the leadership of the local separatist armed group. Trust developed over time between the company and these actors, which allowed UTPI to operate in a separatist region with relatively few, if any, security concerns. The relationships between the three actors was one feature that enabled a dramatic reduction in local level violence in the company's area of operation, making possible the creation of an "island of stability" in a highly volatile region.

## Section 3: The Private Sector and Peace: Effective Means

Analysis of our cases studies indicates patterns with respect to the mechanisms by which companies achieve positive impacts on peace. There were five resources in particular which corporate actors deployed, individually or in combination, to create positive impacts on peace:

- 1) Access to and networks among “key people” and “the hard to reach”;
- 2) Control over significant economic resources;
- 3) Influence and convening power
- 4) The ability to confer legitimacy, or legitimacy and capacity, on other actors; and
- 5) The ability to create channels for addressing grievances, particularly for marginalized groups.

### ACCESS TO AND NETWORKS AMONG “KEY PEOPLE” AND “THE HARD TO REACH”

In our discussion above of effective roles for private sector actors, we noted influencing “key people” and the “hard to reach” as an effective role for impacting peace. By the same token, social capital is a significant peacebuilding resource of private sector actors. All of our case studies detail the ways in which private sector actors accumulated significant social capital over long histories of activity within their respective contexts and on the basis of institutional connections with high-level state offices. It scarcely needs pointing out that prominent corporate officers and representatives of business associations will have good networks. This was true of the private sector actors in all of our case studies.

What may be more instructive were the steps that those actors took to establish social capital with less obvious actors: communities and armed groups. For example:

In South Africa, company members of the CBM in some cases had good networks among black labor organizations, with which they had negotiated severally over the years. A first step of the CBM involved the CEO of Anglo-American meeting personally with the leaders of

the African National Congress (ANC), which was at the time a proscribed group, regarded as “terrorists” and “communists” by the South African State and by much of the country’s white population. The companies that participated in the CBM, for their part, made a point of asking the ANC for its permission to launch the CBM, a critical step in establishing the legitimacy of the initiative in the eyes of the ANC.

In the Philippines, the Chairman of UTPI took a similarly direct approach, meeting in person with the local commander of the Moro Islamic Liberation Front (MILF)<sup>17</sup> as well as the Datu<sup>18</sup> of Paglas, in order to develop an approach to the company’s operations that was seen as appropriate by all actors.

In Colombia, direct engagement with the armed non-state actors, including the FARC,<sup>19</sup> the ELN<sup>20</sup> and right-wing paramilitary groups, was against the law. Nevertheless, companies operating in rebel-held territory in Colombia found ways to communicate with illegal armed groups without engaging them directly.

### Community Engagement and Armed Groups

#### Tipiel and ISAGEN, Colombia

Companies with operational experience in Colombia know that Colombia’s non-state armed groups often covertly send agents to community meetings, or demand that community members inform them about such discussions after the fact. Communities in Colombia in many cases have a long and deep experience of dialogue and engagement with specific “fronts” of different armed groups. In the cases of ISAGEN and Tipiel, communities themselves engaged the companies and the armed groups in parallel negotiation processes, playing a dual role as go-between and interested party as negotiations about the corporate projects progressed.

<sup>17</sup> The Moro Islamic Liberation Front (MILF) is an armed group in Mindanao, Philippines, fighting for regional autonomy for the Moros (a term that describes Muslims from the Philippine regions of Mindanao and Palawan) and to establish an independent Islamic state in the southern Philippines.

<sup>18</sup> “Datu” is a local term used to call chieftains. The Datu is a leader that may have influence over the tribal, political, and even spiritual lives of the community

<sup>19</sup> The Revolutionary Armed Forces of Colombia, known by its Spanish acronym FARC, was Colombia’s largest left-wing armed group.

<sup>20</sup> The National Liberation Army, known by its Spanish acronym ELN, is a significant left-wing armed group operating in Colombia.

CBM, UTPI, ISAGEN, and Tipiel recognized the need to avoid acting without the assent, in some form or another, of the proscribed conflict parties. For companies to win that assent, it was important that the proscribed parties have an understanding of the nature of the activities that the company proposed to undertake and of the benefits that companies proposed to deliver to the marginalized populations that the armed groups claimed to defend or represent.

In cases where companies impacted upon local peace and conflict dynamics, the company's ability to gain the support of communities and their representatives was critically important, as the company's ability to act as a catalyst, facilitator, and convener depends substantially on its credibility and the legitimacy of its presence in the eyes of local communities. These relationships with communities and their representatives were essential to the success of company-brokered processes of negotiation, mediation, and dialogue, as well as the sustainability of negotiated agreements that changed relationships between actors. In Colombia, for example, the Federación Nacional de Cafeteros (FNC) is structured as a syndicate, with individual smallholder growers as members. The FNC has a history of undertaking community-level development activities with its members, and capitalized on historically deep relationships between the FNC and individual coffee growers to implement a community peacebuilding program. OCENSA, a pipeline company in Colombia, also had longstanding, constructive relationship with local communities, dating back to prior to the construction of the pipeline. ISAGEN and Tipiel each spent two years engaging communities prior to any operational activities. Social investment projects were an element of this front-loaded engagement, demonstrating the companies' good will through 'quick wins'. UTPI worked closely with the Datu of Paglas in order determine social needs and the role the company could play in enhancing local conditions. In this case, the Datu was seen as the legitimate representative of the local population, and therefore negotiations with him were the only viable route for engaging UTPI's local stakeholders.

## **CONTROL OVER SIGNIFICANT ECONOMIC RESOURCES**

Companies' control over significant economic resources may enable them to bring parties to conflict into engagement with each other to address conflict-related issues. The ISAGEN, Tipiel, OCENSA, and UTPI case studies all highlight the nature of corporate resources as an attribute of businesses that can shift the dynamics conflict. In the cases of ISAGEN and Tipiel for example, community members persisted in dialogue with the companies, and in engaging with conflict actors about the company's presence and activities, despite a powerful set of disincentives that included acute personal risks, and despite dialogue processes that at times seemed unlikely to succeed, all specifically for the purpose of receiving the economic and development benefits of the company's project.

The prospect of significant investment in a context and the companies' economic resources make the company important to local actors. They also create a need for dialogue among local actors about how those resources will be distributed and the conditions under which the company should pursue its operational activities. In view of the frequency of assertions that development and economic opportunities in and of themselves contribute to peace,<sup>21</sup> it is relevant to note that our evidence indicates that conflict issues are resolved through formal and informal dialogue and negotiations, rather than through philanthropic or development activities, job creation, or the realization of other economic benefits. Even in cases in which companies introduced substantial jobs, contracts, and development projects into contexts characterized by poverty, exclusion, and conflict, we found no evidence indicating that these resources brought about or contributed to positive outcomes without significant accompanying dialogue about, and eventual consensus building on, conflict issues.

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<sup>21</sup> E.g. World Bank, 2008. "Youth and Employment in Africa: The Potential, the Problem and the Promise." Washington, D.C.: World Bank; Forrer, John, Timothy Fort and Raymond Gilpin, 2012. "How Business Can Foster Peace." United States Institute of Peace Report. Washington,

Economic resources are "significant" within the social arenas described in our cases by virtue of their relative importance vis-à-vis other economic resources and opportunities that are available to local actors. ISAGEN, Tipiel, UTPI, OCENSA, and Norsk Hydro were all operating in areas with limited industry, limited access to capital, and limited access to salaried employment or similar opportunities. In these circumstances, the resources that the companies introduced and controlled had outsized significance to local actors.

### **INFLUENCE AND CONVENING POWER**

Companies' abilities to initiate engagement or dialogue among key conflict and peace actors was a foundation of their ability to generate positive impacts on peace. ISAGEN, for example, convened community representatives, the military, the Governor of Tolima, the Ombudsman, and a UN agency together at the same "table". Tipiel convened the military, a private security firm, representatives of the companies working on the project, community representatives, the Colombian NGOs Centro de Investigación y Educación Popular (CINEP) and the Programa de Desarrollo de Paz de Magdalena Medio, as well as the Jesuit order in Barrancabermeja. CBM created opportunity for dialogue between business leaders and mass movement leaders, and later supported the national dialogue among a broad range of social and political actors that led to the democratic transition.

## **Redefining Social Investment**

### **Norsk Hydro in Brazil**

When Norsk Hydro (Hydro) acquired industrial assets in the industrial port town of Barcarena in the Amazon region of Brazil, it also inherited a stark legacy of social liabilities. These included conflict over land, water, and economic opportunity that dated back to Brazil's military dictatorship. Conflict festered under a 'haunting' corporate complicity in poor planning, government mismanagement, and indifference to the suffering of the most vulnerable, resulting in violence rates higher than in many war zones and a variety of distressing social development indicators – despite the economic "success" of the industrial area and port. Indeed, the costs, risks and benefits of economic development and control over resources themselves became subjects of escalating conflict. In this context, Hydro found that its efforts to improve material conditions on the ground had little impact; mistrust, misunderstanding, and the entrenched perceptions and habits of civil society actors, government, and companies alike inhibited systemic reform. This led Hydro towards a different kind of social investment: one that focuses more intentionally on helping to reinforce the social and political functions – building of mutual understanding of challenges and opportunities, collaborative planning and decision-making, and conflict resolution – that are missing or compromised in the fragile context of which the company is part. Even though many parties are convinced of Hydro's role in causing water pollution, for example, they appear willing to accept Hydro's sponsorship of this novel "collaborative infrastructure" in part because of Hydro's willingness to support independent mediation and management of dialogue, planning, and dispute resolution structures, and in part because of its willingness to come to the table taking responsibility for the company's own role in problems and solutions.

DC.: USIP; Oetzel, Jennifer and Getz, K., 2012. "When and how might firms respond to violent conflict?" *Journal of International Business Studies* 43: 166–86.

It seems unlikely that this convening and influencing role can be played by more than a small number of companies in any given context. A high degree of access and influence is not common amongst private sector entities, which may in some cases cause, exacerbate, or simply be indifferent to conflict issues within their own operational settings. The cases of Norsk Hydro and CBM, however, suggest that companies can play a constructive role in convening despite their implication in key drivers of conflict – as long as their own role in the conflict system is also on the table for discussion. It appears that willingness to change may be a condition of catalyzing change.

### **CONFERRING LEGITIMACY, OR LEGITIMACY AND CAPACITY, ON OTHER ACTORS**

While corporate engagement with holders of formal state offices may be mandatory, companies often have choices about whether and how to engage informal authorities or community organizations. When companies engage directly with external actors and work hand-in-hand with them, it confers legitimacy on those actors. This has both symbolic and practical effects. With respect to the practical effects, companies sometimes involve external actors in processes that govern significant issues, such as land acquisition, compensation, grievance mechanisms, or local labor recruitment. Involving external actors in those processes gives those actors real power to influence decisions about significant issues. With respect to the symbolic effects, when companies engage an actor directly, it signals publicly that the company sees that actor as important and relevant.

Direct engagement with such actors by companies can under some circumstances enhance the capacity of those actors, by building their experience resolving disputes, participating in complex negotiations, and acting as a representative of collective community interests. It may also build their confidence.



PHOTO: GERMIAN CABREJO / VIA WIKIMEDIA COMMONS

## **Empowering the Right Representatives**

### **ISAGEN and Tipiel**

ISAGEN and Tipiel entered their operational areas as local communities were beginning to organize their own representative structures for the purpose of advancing their collective interests. By engaging and negotiating with those entities about matters that affected the entire community, and subsequently channeling resources for the community through those entities in the form of jobs, local development initiatives, and contracts, they contributed to the recognition within communities of the roles that those entities played. All of these entities subsequently played critical roles in negotiating with the parties to conflict on behalf of local communities.

Conflicts often involve polarization, vilification, and stigmatization between social groups, which can themselves become part of conflict dynamics. Analysis of our case studies suggests that companies can engage external actors in ways that reduce the intensity of this polarization and lead to changed mutual perceptions among actors that are in conflict with one another.





PHOTO: WORLD ECONOMIC FORUM / VIA WIKIMEDIA COMMONS

## Legitimizing the African National Congress

### CBM, South Africa

During the late 1980s and early 90s in South Africa, the Apartheid state and a significant portion of the white population regarded the African National Congress (ANC) as "communists" and "terrorists" with whom reasoned negotiation was impossible. The ANC was a proscribed group – direct engagement with its leadership was illegal. The government itself avoided public communication with ANC leadership, which made open negotiations about a transition to democracy practically impossible. Members of the CBM met openly with ANC leadership, however, and spoke publicly about doing so, indicating that they thought that ANC leaders were reasonable and that negotiation with them was possible. Anti-apartheid activists of the era, many of whom were involved with the CBM, indicated that this action by prominent white businesspeople spurred a fundamental shift in perceptions of the ANC among white South Africans and paved a way for negotiations to take place.

Our local level case studies suggest that representative, accountable, community-level organizations that have a broad base of legitimacy within communities, and communities that are able to identify and articulate common interests, may be necessary for companies to build peace effectively at a local level. Such communities and community organizations do not exist at all corporate operation sites; the degree of cohesion, and the legitimacy and accountability of community organizations and representatives, are likely predictive of a company's ability to impact upon peace at the local level.

It is also important to point out that companies may generate or worsen societal conflict by working with representatives of stakeholder groups that are not

seen as legitimate leaders, or that are unwilling to act in the interest of collective wellbeing. This can be particularly challenging in contexts where said representatives are best placed to assure corporate security, for example by suppressing local resistance. Where communities are divided internally or amongst themselves, and where community representatives and organizations do not work in the interests of the community as a whole, relying exclusively on them to lead negotiations and channel benefits can create or intensify conflict.

## CONFERRING LEGITIMACY, OR LEGITIMACY AND CAPACITY, ON OTHER ACTORS

In some of our cases, all of the foregoing mechanisms of impact, taken together, enabled the creation of channels, such as roundtables or other dialogue fora, where the grievances, needs, and interests of marginalized populations could be articulated, heard by relevant authorities, and addressed. This function was one of the expressed purposes of the CBM. While the dialogues that the CBM convened were not associated with any specific mechanisms for redress of grievances, they provided the ANC and black activists with a channel for formal

discussion with the National Party about political transition. In ISAGEN's case, the company was instrumental in establishing a mechanism for dialogue about human rights abuses in which the representatives of local communities from the Las Hermosas Canyon were the party with the grievances, and the Colombian armed forces were the respondent.

PHOTO: COLOMBIAN NATIONAL POLICE / VIA WIKIMEDIA COMMONS



## Section 4: Motivations

The factors motivating companies to engage in peace efforts are important for three reasons. First, **companies do not have direct impacts on peace by virtue of their routine business activities; peace impacts derive from deliberate actions that target drivers of conflict.** Knowing what inspires private sector actors to undertake such action is therefore important for engaging the private sector in broader efforts to address fragility and conflict. Second, we observed that in the locations where we carried out case studies, very few companies set out to “work on conflict”. The companies we studied were unlike nearly all of their peers in the same industries by virtue of their concern with conflict issues and their ability to address them effectively. Efforts to mobilize the private sector in reducing conflict and fragility should be informed about why some firms act and others do not. Third, motives shape action; understanding why private sector actors seek to impact peace will go some way towards explaining how they seek to impact peace, and therefore where they will be easier or harder to engage by peace-minded actors.

The companies in our case studies did not frame their initiatives as ones intended to achieve or contribute to a sustained exit from conflict and fragility on a society-wide level. In the words of one consultation participant, himself a representative of a private sector actor, **“Business efforts that lead to peace do not start out with peace as the goal.”**

Even in cases where company staff were aware that they were attempting to change the dynamics of conflict within their operational areas, their goals and the scope of the efforts to realize them were framed in considerably narrower terms: in the case of ISAGEN, for example, to manage risks both to the company and to its community stakeholders; or in the case of KEPSA, to reduce violence that was having an immediate and substantial impact on business interests. In the case studies of local level company efforts, no company other than UTPI<sup>22</sup> gave any consideration at all to whether or not, or how, their local activities would add up to impacts on a larger social and political scale.

Companies and more particularly the people who work within them are clearly motivated by more than narrow financial self-interest. Some KEPSA leaders in Kenya were described as “extraordinary patriots”; UTPI’s Chairman in the Philippines unapologetically drew on his religious values to justify action and motivate others; and CBM leaders took calculated risks to flaunt apartheid laws that could have resulted in their arrest or detention. Particularly within these volatile and unpredictable conflict contexts, their actions cannot be explained in terms of net present value calculations alone; certainly, most other private sector actors in the same contexts did not see such action as being in their own rational self-interest.

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<sup>22</sup> It is of note that UTPI did not carry out its initial investment in Paglas with the ambition to have an “adding up” sociopolitical peace impact. Rather, UTPI’s original investment was driven primarily as a profit-seeking venture. An initiative to garner wider sociopolitical peace was only realized later, as the company shifted its core mission and values to reflect peace and the Christian morals of its chairman.



PHOTO: OXFAM EAST AFRICA / VIA WIKIMEDIA COMMONS

## A Range of Motivations

### KEPSA in Kenya

Within the Kenyan context, there is evidence that values did motivate business leaders to intervene. Key informants confirmed that – above all else – it was the shock of the scale of the violence that erupted in 2007, and the human suffering it caused, that prompted some business leaders to become actively involved in conflict mitigation. There was a strong focus on preserving Kenyan national unity, as reflected in campaigns like KESPA's Mkenya Daima ("Kenyan Forever") which sought to unite conflicting ethnic groups and reawaken a sense of national unity. On a personal level, values-based motives were associated with the 'extraordinary patriots' who invested time into groups like KEPSA out of a general desire to see Kenya progress, economically and socially. Yet, Kenya has a violent history and has seen multiple episodes of election-related violence without business engagement to address it. The question therefore arises whether sustained business engagement in peacebuilding requires a certain threshold of violence, conflict, or instability for values-based motives to translate into proactive roles for business in conflict mitigation and peacebuilding. In Kenya, this included especially proactive engagement by companies hit hardest by the violence associated with important export sectors – the tourism industry and the flower and tea producers.

Still, evidence suggests that companies are most willing to engage in initiatives that are calculated to impact upon peace when they face significant threats to their ability to operate that stem from the presence of conflict or the absence of peace. In Kenya, for instance, election-related violence contributed to a 24 percent reduction in flower exports and at least a 40 percent decline in tourism in the year after the 2007 election; tea plantations were specifically targeted for violence in the aftermath of the election. Many of KEPSA's member companies were drawn from these industries. Following Kenya's catastrophic 2007 elections, KEPSA members saw the 2012 elections as a risk not only to their properties and operations within Kenya, but also to their global reputations as Kenyan businesses. In ISAGEN's case, the presence of the FARC in the Cañon de las Hermosas threatened the project tout court, and

later in the life of the project, ISAGEN's "social license to operate"<sup>23</sup> was put at risk by the conduct of the armed forces, particularly by alleged human rights violations committed by the military against communities in the vicinity of the project. Tipiel's central concern was providing security for operations teams without sparking an armed confrontation between Colombia's rebel groups and the armed forces in communities around the project site. The Cypriot chambers of commerce both indicate that the political division of the island makes business transactions across the Green Line extremely cumbersome.

<sup>23</sup> The informal consent of communities affected by operations to the presence and activities of the company.

Corporate efforts that result in positive peace impacts are therefore typically best characterized as designed to resolve the business problems created by conflict, rather than to resolve conflict as such. This is most evident in cases where the business problem and the conflict drivers differ from one another to some degree. For instance, the CBM's material support for dialogue in South Africa ended once the new constitution was promulgated, at whichpoint the CBM parted company with the civil society organizations that had participated in the peace committees that had been sponsored by the CBM. In Kenya, similarly, KEPSA members could agree that election violence posed problems, but found it impossible to sustain a concerted agenda across the consortium in the aftermath of the peaceful 2012 election. The threshold for the calculus of costs, risks, and benefits to add up to private sector engagement for peacebuilding appears to be relatively high.



PHOTO: PAUL WEINBERG / VIA WIKIMEDIA COMMONS

## Business Problems and Peace

### the CBM in South Africa

In South Africa, the vast majority of the white business community supported Apartheid for many decades. As Apartheid waned, some business actors offered late and reluctant support for a transition which had by that time become inevitable. A rallying cry for CBM – which was active only six years at the tail end of the old regime – was that business might influence change in South Africa, but it could no longer stop it. After the transition to the new Constitution, the CBM consultative structures, including the peace committees, were dismantled or allowed to wither – despite lingering crises of basic education, HIV/AIDS, housing, land reform, jobs with dignity, and so on, that continue to preoccupy the CBM's former civil society partners to the present day, and which underlie ongoing, high levels of social tension and violence. Theuns Eloff, who led the CBM, explained that "Business' hopes for the new South Africa had been fulfilled to a larger extent": Revolution had been averted, access to international markets had been restored, "economic growth and wealth creation" had been imbedded in national policy, and property rights protected in the new Constitution. Business had from some perspectives achieved "peace" for itself, if not for the broader society.



PHOTO: DAVIDSHUBNET / VIA WIKIMEDIA COMMONS

## Section 5: The Private Sector and “Peace Writ Large”

It is well established within the peacebuilding field that discrete, positive impacts on peace do not *de facto* contribute to the establishment of a sustainable, society-wide peace. Similarly, the evidence from our cases studies indicates that even local outcomes that are ideal for individual private sector actors and stakeholders within their operational contexts do not necessarily have any impacts at all on state-level fragility and conflict – they do not necessarily “add up” to peace. To understand how evidence of positive corporate impacts on peace speaks to the larger issue of what the private sector can contribute to society-wide exits from conflict and fragility, it is necessary to assess that evidence against the benchmark of “Peace Writ Large” (see text box). Seen through this lens, our evidence is more ambivalent about the potential of private sector actors to impact peace, pointing to both possibilities and to limitations.

### “Peace Writ Large”

The OECD distinguishes between “societal-level peace” and “the micro level of a single project,” noting that society-level peace is “a deeper peace, often referred to as ‘peace writ large’” and is “the wished-for end result of donor engagement in situations of conflict and fragility”. CDA’s Reflecting on Peace Practice Program demonstrated that conflicts often have different dynamics and different driving factors at different scales. An implication of this is that efforts to build peace within localized areas, or peace writ little (pwl), do not necessarily have impacts on broader conflict dynamics, or “Peace Writ Large” (PWL). To understand the dynamics at both levels, and the connections that may exist between them, it is necessary to conduct conflict analysis that considers both macro and local level conflict dynamics. Of course, the line between efforts designed to impact pwl and PWL is not sharp: a number of project cases – for example, FNC, CBM, and KEP SA – document centrally organized and deployed resources creating capacity to deal with local conflict in a large number of places, with at least the hope that these multiple pwl efforts would have some positive impact on PWL. Yet and still, the evidence is strong that pwl efforts do not necessarily – and almost never spontaneously – result in PWL.

<sup>24</sup> OECD, 2012. “Evaluating Peacebuilding Activities in Settings of Conflict and Fragility: Improving Learning for Results.” DAC Guidelines and References Series, OECD Publishing, P. 25.

<sup>25</sup> *Ibid.*

## LOCAL AND MACRO

The distinction that we observed between local level and macro level corporate peace efforts corresponds to the distinction between local and macro commonly made in the peacebuilding field.

IN CONFLICT SYSTEMS, DYNAMICS AT A LOCAL LEVEL CAN DIFFER SIGNIFICANTLY FROM DYNAMICS AT THE MACRO LEVEL DYNAMICS; THE LOCAL IS RARELY A MICROCOSM OF THE MACRO.<sup>26</sup>

Macro level conflicts can persist even as relative peace is established within particular localities, and, as the recent experience in Colombia suggests, local level conflicts can persist even as larger peace agreements are reached. Because conflict drivers and dynamics can differ across locations and across scales, interventions that are effective in one locale may be ineffective in another, and do not necessarily have effects beyond the area where they take place. The project's local level case studies of private sector actors provide evidence of corporate interventions that were in some cases highly effective at a local level, but none of those efforts had any discernable impact on society-wide conflict dynamics.

To illustrate, ISAGEN, Tipiel, UTPI, FNC, and OCENSA all operated in ways that made significant impacts on community wellbeing and the resolution or de-escalation of conflict in their operational areas. ISAGEN made a critical contribution to a sustainable peace within the Cañon de las Hermosas, at the time the locus of a shooting war, which should itself be seen as a remarkable achievement. In each of these five cases, however, the company's activities did not have discernable impacts on people who were not stakeholders of the company, or on peace and conflict outside of the geographical area of the company's

activities. As noted above, conflict returned to communities in the vicinity of Tipiel's project when right-wing paramilitary groups displaced the ELN. Communities along the route of OCENSA's pipeline benefitted substantially from OCENSA's work, but continued to suffer the predations of the FARC and other armed actors.

## Localized Peace that Does Not Impact Macro Level Conflict

### UTPI, The Philippines

UTPI's presence in Paglas was predicated on the cultivation of positive relationships with the local community leadership and with armed groups. UTPI's employment strategy allowed combatants to leave that role for agricultural work in an "arms to farms" approach. In Paglas, violence was partly driven by the limited nature of other economic opportunities. The broader socio-political conflict in the Philippines, however, is driven by several factors, such as the perceived and real marginalization of an ethnic and religious minority (Moros) within the context of the nation state, and by land tenure policies that locked populations in Mindanao into poverty. Neither of these issues were addressed by employment offered in Paglas by UTPI. While the immediate impacts of UTPI's presence fostered a temporary "island of peace", most of the ex-combatants working for the company said that they would willingly return to arms if called upon to rejoin the struggle against the injustices experienced by the Moro population.

<sup>26</sup> OECD, 2012. "Evaluating Peacebuilding Activities in Settings of Conflict and Fragility: Improving Learning for Results." DAC Guidelines and References Series, OECD Publishing, P. 25.; Ernstorfer, Anita, Diana Chigas, and Hannah Vaughan-Lee. 2015. "From Little to Large: When Does Peacebuilding Add Up?" *Journal for Peacebuilding and Development* 10 (1): 72-77.

On the aggregate, our evidence suggests that “islands of peace” do not have broader impacts or a ‘spillover effect’. Indeed, rather than acting as a secure foothold for expanding peace into new territories, these “islands of peace and stability” – such as Paglas in the case of UTPI – appear to be difficult to sustain and vulnerable to conflict actors that continue to operate in the wider context.

## Challenges Expanding “Islands of Peace”

### UTPI in Paglas and Wao

UTPI's theory of change is that if a sufficient number of corporations adopt UTPI's operational model and set up operations in Mindanao, they will collectively bring an end to the conflict. Unfortunately, this has not proven to be the case. UTPI itself attempted to replicate the model it pioneered in Paglas in the nearby community of Wao. Wao is characterized by substantially different sociology, drivers of conflict and tension, and community governance. UTPI's efforts in Wao yielded significantly different outcomes than they did in Paglas, and UTPI ultimately abandoned its investment in Wao.

### UNSUSTAINABLE POSITIVE IMPACTS

With one exception, none of the companies in our local-level cases aspired to bring about and sustain Peace Writ Large. Further, the benefits of even some of the most successful “peace writ little” projects, as with the FNC in Colombia, eroded away once the project ended. Nevertheless, the trajectory of events over the longer term in those cases demonstrates that, if key conflict drivers are left unchanged, positive outcomes, however they may be designed or intended, cannot be assumed to be sustainable. More particularly, initiatives that address a

single driver of conflict in a context in which conflict is driven by multiple, interdependent factors risk achieving progress that is difficult to sustain. If the other drivers of conflict persist without being weakened or addressed, the dynamics of conflict are likely to return to their prior form and reverse whatever progress has been made.

## System Effects

### Kenya Private Sector Alliance (KEPSA)

In Kenya, forms of exclusion that are rooted in patrimonial economic practices, elite benefit capture, and ethnic competition underpin the widespread perception that elections are a winner-take-all contest between ethnic groupings, and have driven election-related violence since the advent of multi-party politics in 2002. The 2007 election was followed by particularly severe and widespread violence, destruction of property, and forced displacement of populations in many areas of the country. KEPSA's own activities ahead of the 2012 election were not intended to address conflict drivers other than election-related violence. Despite the success of KEPSA's efforts, they did little, if anything, to impact other drivers of conflict; significant conflict issues remained largely intact in the years between 2008 and 2017. And while KEPSA can take a good deal credit for the fact that the 2012 Kenyan election was almost completely free of violence, it is not surprising that these same conflict drivers came to the fore again during Kenya's turbulent 2017 election cycle, which saw political coalitions form and fracture along ethnic lines, accusations against the government of impunity and manipulation of the electoral process, and violent clashes between supporters of politicians of different ethnicities.



The persistence of conflict drivers outside of a local context that is itself relatively peaceful constitutes a risk to the positive achievements within that context, particularly when the conflict involves conflict actors who have an interest in exerting influence within that local context. The peace that ISAGEN helped to bring about in the Cañon de las Hermosas was sustained because the Colombian armed forces established a permanent presence there and normalized their relations with the local population. But FARC's Frente 21<sup>27</sup> did not cease its operations, or lay down its arms; it simply moved to a new location.

## Temporary Peace

### Tipiel, Colombia

Tipiel managed to achieve a brokered agreement between the parties to conflict in the city of Barrancabermeja, and to advance the interests and capacities of community organizations as they did so. While this agreement held, the company project moved forward and communities benefitted concretely in a range of ways, all with relatively little tension and relatively few incidents of violence. Yet as right-wing paramilitaries launched their effort to reclaim the eastern sector of the city from left-wing armed groups in the early 2000s, violence spiked, and the communities working with Tipiel proved to be vulnerable to it. At one point, a paramilitary group issued death threats against one of the community leaders working with Tipiel, and he had to be evacuated from the city for his own protection. Paramilitary groups in Barrancabermeja controlled the eastern sector of the city for some time, until they demobilized voluntarily as part of a country-wide agreement with the Colombian government.

## FRACTIONAL SUCCESS

Permanently changing one driver of conflict in a conflict system may change the character of conflict dynamics significantly without necessarily bringing about Peace Writ Large; changing only one of several key conflict drivers leaves others largely intact. Significant, unresolved grievances may remain pervasive in the society, sustaining tensions, characteristic forms of violence, and certain forms of fragility and political instability. The project cases show that this results in "fractional success:" one part of the peace problem has been meaningfully resolved, but the larger peace puzzle remains unresolved.

## "Fractional Success" in South Africa: the CBM

The CBM launched direct dialogues with the African National Congress that were the precursor of the negotiations that lead to the end of Apartheid in South Africa. Though the political order has changed fundamentally in terms of race and democracy, the racialized economic inequalities of the Apartheid era remain largely intact today. The anti-apartheid activists that made common cause with the CBM wanted to change both, whereas the aims of the CBM related to democracy, but not necessarily to a more inclusive economic order. Some of the same companies that were active in the CBM remain under fire from former anti-Apartheid activists for not doing enough to build a more inclusive post-apartheid economy.

<sup>27</sup> The Frente 21 was the regional section of the FARC that operated in the Cañon de las Hermosas.

Fractional successes may in some cases result from divergence between the motivations of private sector actors and the motivations of other actors with whom they make common cause in efforts to build peace. Our evidence suggests that private sector actors do not necessarily share with other local actors a uniform set of motivations, interests, and definitions of success. Under such circumstances, private sector actors may stop short of actions that other actors see as necessary for or intrinsic to peace.

As in other parts of this report, while noting that many efforts that in fact do good do not advance or achieve PWL, we underline that fractional successes do not represent failures per se; the high stakes of peace and the volatility of peacebuilding environments mean that peace-minded actors will opportunistically act for fractional success, not knowing how or even if the other pieces will come together. Rather, we note that the evidence of this project is consistent with the broader evidence base of peacebuilding practice: the more each individual actor is aware of the entire picture required for peace, and the more efforts are coordinated across actors to account for all necessary pieces of the puzzle, the more likely individual efforts are to contribute to the desired cumulative impact on peace.

## **INTERPERSONAL CHANGE**

Evidence about effective peacebuilding indicates that initiatives that change the perspectives of individuals, even a large number of them, cannot be expected to impact Peace Writ Large unless they also manage to influence both "key people" and socio-political changes within institutions. Our evidence, particularly the case study of the Federación Nacional de Cafeteros in Colombia, is consistent with this finding. Many of the participants in the FNC's Footprints of Peace (FOP) initiative described significant personal changes leading to different approaches to political and in some cases community disagreements, and to reductions in tensions at a local

level in some communities. This was in fact the FNC's goal for its "Footprints of Peace" initiative; no effort was made to influence key people, nor to alter institutional arrangements that may have sustained conflict. Colombia's immediate macro level conflict dynamics were unchanged as a result of FOP, and participants in the FOP continued to face very similar security risks than they had before the initiative; the FARC, the Colombian military, and right wing paramilitary groups all continued their operations as they had previously. The FNC case does, however, speak to the possible greater benefit of engaging business action towards post-conflict reconstruction and rebuilding conflict communities as opposed to within-conflict peacebuilding activities.



PHOTO: USAID IN AFRICA / VIA WIKIMEDIA COMMONS

## Section 6: Conclusion

For the purposes of sustained, society-wide exits from fragility and conflict, an understanding of the conflict system, and the tailoring of efforts to that conflict system, are critical elements of effectiveness. Localized efforts, such as those undertaken by companies seeking to transform their operational contexts, are insufficient to achieve Peace Writ Large. And to be effective, efforts directed at macro-level conflict need to act on multiple conflict drivers simultaneously. These dynamics remain the same for business as for other peacebuilding actors.

Evidence from the field suggests that private sector actors have positive impacts on peace when they help build the conditions in which they and other actors can engage each other constructively about issues that drive conflict.

Private sector actors are most effective in these efforts when they use networks, social capital, and the power to convene, influence, and legitimize other actors in ways that are calculated to address issues that drive conflict. A relatively small number of companies in relatively rarefied circumstances address drivers of conflict purposefully, and their efforts suffer from some of the same deficits as those of other peacebuilding actors: Successes are localized, temporary, personal, or partial, stemming from motivations that are rooted in divergent interests and an incomplete understanding of conflict dynamics.

Case studies of successful private sector peace efforts suggest that private sector actors, working in conjunction with other parties toward shared goals and on the basis of a shared understanding of conflict drivers and dynamics, are likely to achieve the best results.

## **Section 7: Implications**

This section of the report consists of briefing notes about the implications of the findings of this project, including the practical applications of our findings for actors engaged in peace-related efforts. While each of the three briefs may be informative for any party engaged in a conflict environment, they have been organized into sections on the basis of their intended audiences: the first for individual companies; the second for peacebuilding practitioners; and the third for policy actors.



PHOTO: INTERNATIONAL HYDROPOWER ASSOCIATION / VIA FLICKR

## 1.0 Briefing note for individual companies

Most corporate leaders appear not to think of themselves as actors that have significant impacts on peace, one way or the other. To the extent that they do have such impacts, the predominant narrative about them is that the jobs, economic opportunities, and tax revenues companies provide are inherently peace-positive. Our research suggests that none of these perspectives is entirely accurate.

Indeed, many of our case studies underline that

“THE INTRODUCTION OF NEW RESOURCES INTO A RESOURCE-SCARCE SOCIETY THAT IS ALSO IN CONFLICT RARELY (IF EVER) LEADS TO PEOPLE SHARING THESE RESOURCES AND LIVING HAPPILY TOGETHER. RATHER, RESOURCES BROUGHT INTO A CONFLICT ENVIRONMENT ALWAYS BECOME A PART OF THE CONFLICT.”<sup>28</sup>

In fragile and conflict-affected jurisdictions, therefore, “business as usual” is unlikely to make a difference when it comes to peace, even when business as usual involves scrupulous adherence to international standards of human rights and corporate social performance. In the case of industries that have significant social impacts, business as usual may very well contribute to conflict and tensions, inhibiting other actors’ efforts to build peace.<sup>29</sup>

### 1.1 UNDERSTAND CONFLICT DYNAMICS

Contributions to broader peacebuilding efforts will not be possible without a reasonably nuanced understanding of conflict dynamics: those feeding tensions, those inhibiting willing parties from making progress together, and those enabling positive developments that may be happening all the same.

Conflict analysis captures different information and relationships than environmental and social or human rights impact assessments do. Put simply, conflict analysis identifies factors that drive conflict and tensions, the relationships between those factors, and the actors that have a significant influence over those factors and therefore on conflict dynamics. Such analysis helps to understand which environmental, social, and human rights impacts will intensify conflict and which will not.

By mapping the relationships of actors in the conflict system — including the company — to these dynamics and with each other, a company can align its own operations to support dynamics of cohesion (for example, by working with and through local institutions

<sup>28</sup> Anderson, Mary B., 2008. “False Promises and Premises? The Challenges of Peace Building for Companies. In Williams, O.F. (Ed.). *Peace through commerce: Responsible corporate citizenship and the ideals of the United Nations global compact*. (pp. 119–132) Notre Dame, IN: University of Notre Dame Press.

<sup>29</sup> Ganson, Brian and Achim Wennmann, 2017. *Business and Conflict in Fragile States: The Case for Pragmatic Solutions*. London: IISS.

that enjoy broad-based support) and dampen dynamics of conflict (for example, by minimizing the chance of predation on contractors by criminal gangs). Conflict analysis can also identify areas where efforts that go beyond operations will be useful to build peace — for example, providing support for capacitation of local peacebuilding actors.

Good practice calls for analysis processes in which diverse parties are involved in collecting and analyzing data, allowing different perspectives to be heard, and recognizing where potential contradictions may lie regarding a firm's responsibilities, risks, and economic policies as concerns their impact on the conflict system. Participatory analysis can also help build a shared understanding of the dynamics that drive conflict and allow cohesion between the firm and other key actors to emerge. Some of the most effective mechanisms involve third-party facilitation, often institutionalized in an "observatory" function so that it is continuously updated and available on demand for decision-making.

## **1.2 FOCUS ON CONFLICT-SENSITIVE BUSINESS OPERATIONS**

The case studies produced as part of this project, as well as the literature on conflict-sensitive business practice,<sup>30</sup> make clear that a company's presence and activities affect things like land values near the project site, who does and who does not get a job, and who gets to represent and speak for local communities. These things, in turn, affect how local people relate to one another—who feels that he or she has been treated fairly or unfairly, whose views have been heard and whose have not, who gains or loses political power, who has been relocated and who has not. That any of these issues may contribute to tensions between communities and companies is well understood.

In situations of conflict and fragility, unmanaged social impacts therefore almost always contribute to conflict, enflaming or sustaining conflict between local social groups, for example, or in some cases society-wide

conflict, by altering local balances of power or deepening people's experience of inequity. This principle expresses itself in some rather counterintuitive ways: some companies have found that their efforts to increase local hiring and social investment in the name of peace made existing conflicts worse, for example, by increasing tensions between groups competing for resources. Furthermore, many parties are unlikely to accept a company in a peacebuilding role if it is not seen to be taking responsibility for its own negative impacts.

An expert participant in one project consultation observed of one of the successful case studies that company peacebuilding at the local level "is basically just exceptional social performance" grounded in conflict-sensitive business operations: identifying and mitigating risks that the company's presence and operations will exacerbate conflict, and finding opportunities to ameliorate conflict where possible. While this is not the entire story, it is certainly the soundest starting point for peacebuilding efforts.

## **1.3 COLLABORATE WITH OTHER PEACE-MINDED ACTORS**

Peacebuilding requires a coalition of the willing: people with the vision and courage to challenge the specific social, political, and economic arrangements that underlie conflict, and to foster dynamics that can catalyze peaceful development. Collaborative action with actors from other companies, as well as from communities, government, and civil society in many cases lowers risks and increases motivation and opportunities for engagement in peacebuilding activities. It helps the company access the information and insight it needs to understand its own impacts and place in the conflict system. It provides a network of support for greater corporate engagement around conflict issues for advocates within the company who may be feeling isolated in their peacebuilding perspective or activities.

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<sup>30</sup> Ganson, Brian (ed.). *Management in Complex Environments: Questions for Leaders*. Stockholm: NIR, 2013; Anderson, Mary B., and Luc Zandvliet. *Getting It Right: Making Corporate-Community Relations Work*. Sheffield: Greenleaf Publishing, 2009; International Alert, 2005. *Conflict Sensitive Business Practice: Guidance for Extractive Industries*. London: International Alert.

Collaborative action also recognizes that companies may lack particular competencies, expertise, or legitimacy in the eyes of other role players. In all of our case studies, actors outside the private sector played critical roles that complemented or magnified the efforts of the company. These roles included leading analysis, providing secretariat support to multi-stakeholder efforts, and facilitating sensitive dialogues. In most of those cases, it is difficult to imagine constructive processes or outcomes without those other actors with whom companies had built trusting relationships.

#### **1.4 ENGAGE INTERNALLY MORE EFFECTIVELY**

Few if any companies have a peacebuilding mandate from their boards, project finance lenders, or shareholders. Many actors within companies will resist engaging actors or issues that they perceive to be overtly political, and that may create tensions with a government implicated in conflict dynamics but on which the company relies for its formal license to operate. The very concept of peacebuilding may seem foreign: one senior executive said only half-jokingly, "If you want to see my board run frightened from the room, tell them they're responsible for peace." These factors make internal engagement on peacebuilding issues difficult for company change agents.

It is perhaps useful to remember that effective peacebuilding need not be named as such. Where key drivers of conflict are addressed by reducing sources of tension, removing barriers to parties making progress together and bolstering actors and institutions with peace-positive agendas, peace is being built — whatever name or rationale is used.

A less foreign framing of conflict-sensitive business practice and participation in peacebuilding efforts can often be found in the corporate language of risk identification and risk mitigation. Here are some examples:

##### **1) Decision-making risk.**

Participation in collaborative efforts to analyze conflict dynamics may reduce uncertainty and increase the accuracy of company forecasts.

##### **2) Operational and financial risk.**

Addressing the company's impacts on key drivers of conflict even beyond those that directly impact the company may lower the risk of operational disruptions and their financial consequences.

##### **3) Conflict risk.**

Helping to address sources of conflict and increase reserves of social and political cohesion may reduce the risk of collateral damage to the company from conflict between other parties.

##### **4) Political risk.**

A more robust understanding of the positions and interests of key actors, as well as high-level conflicts that drive host-state politics, may offer enhanced insights into political risks and avenues for more actively managing them.

##### **5) Security risk.**

Investments in "soft" security may be more effective and less costly than hard security measures.

##### **6) Human rights and other legal risk.**

Sound analysis and strategic engagement may reduce the risk that the company is complicit in human rights abuses or otherwise out of compliance with its international or national obligations.

##### **7) Reputational risk.**

Taking an interest in broader social issues may reassure local and international stakeholders that the company is not indifferent to, or complicit in, conflict dynamics.

To the extent that these are (or should be) real concerns for company management in its particular context, advocates within companies for greater engagement around issues of conflict, its mitigation, and its resolution can find common ground with colleagues and stakeholders whose focus is primarily elsewhere. These entry points may also open space for a more transparent discussion of employees' and leaders' hopes, fears, and aspirations with regard to peace.

### 1.5 FOCUS ON EFFECTIVE PEACEBUILDING ROLES AND MEANS

The effectiveness of private sector actors in impacting upon peace at both the macro and the local level stems less from their ability to change material conditions on the ground than from their ability to play one or more of three roles vis-à-vis other actors:

- 1) **catalyst** for positive change in the relationships between other actors in the context;
- 2) **facilitator** of constructive activities by actors that have an interest in peace; or
- 3) **influencer** of actors who, by virtue of their official position or informal authority and legitimacy, can say yes or no to changes that build peace.

Companies that want to help build peace therefore need to think like peacebuilders, focusing foremost on the factors that drive conflict and how those are embedded in institutional arrangements and relationships and between different parties in the conflict system. They can then

explore the means at their disposal for helping to alter these for the better. Examples from the case evidence and related research where companies may have some comparative advantage include the following:

- 1) **Leveraging company networks** to engage people at high levels of government or in companies that other peacebuilding actors find hard to reach;
- 2) **Providing practical and symbolic support for convening** of diverse parties to discuss the issues that matter to conflict and peace;
- 3) **Providing voice to the marginalized** by recognizing and engaging with them, helping ensure they have a seat at decision-making tables, and advocating for their rights and interests; and
- 4) **Working with and through community-level institutions** in ways that strengthen them and encourage other actors (such as international and state agencies, security forces, and formal and informal local authorities) to take them seriously.



PHOTO: USAID AFRICA BUREAU / VIA WIKIMEDIA COMMONS





PHOTO: AMISOM PUBLIC INFORMATION / VIA WIKIMEDIA COMMONS

## 2.0 Briefing notes for peacebuilding practitioners

It was noted in project consultations that the white Land Cruisers of company representatives and international peacebuilding organizations often pass each other on the roads of conflict-prone places with little acknowledgment of issues of shared concern and even less engagement. The gap may be even more pronounced between private sector actors and local peacebuilders.

Yet a company may be an influential actor within its context: Its activities may impact key drivers of conflict and cohesion; it may be a significant presence in the day-to-day life of communities in the area where peacebuilders are working; and it may be engaged in conversations, planning, or action on any number of fronts that impact peacebuilding work — for good, ill, or both.

PROJECT EVIDENCE THEREFORE SUGGESTS THAT IT IS ESSENTIAL TO ENGAGE WITH COMPANIES, PARTICULARLY WHEN PEACE EFFORTS FOCUS ON A LOCATION IN WHICH A COMPANY IS AN IMPORTANT PLAYER.

Doing so is all the same often challenging. Between companies and peacebuilding organizations there are significant differences in priorities, perspectives, and rubrics for articulating understanding of the context. There are also often mutual gaps of empathy and trust.

The starting point, then, is to deal with companies as with any other actor in a conflict environment: engaging realistically based on the perceptions, interests, and incentives of a particular company within its particular context today while working toward a more peace-positive mind-set and role for the future. Some notes on doing so are outlined below.

### 2.1 UNDERSTAND CORPORATE LANGUAGE AND PERSPECTIVES

While corporate actors and peacebuilders may sometimes see each other as far apart, thankfully this is at times based more on lexicon than on substance. Understanding of concepts that have wide currency within companies may help peacebuilders who choose to engage private sector actors in questions of conflict and peace to bridge the communications gap. As set out in note 1.5 above, the concept of **risk** is central to corporate analysis, decision-making, and governance. Risk mitigation consists of measures the company can take that **reduce risk**. To the extent that one is talking with a company about risk and risk mitigation, one is speaking its language. Areas of corporate risk in conflict environments that have significant overlap with peacebuilding concerns include the social license to operate, political risk, and reputation risk.

The **social license to operate (SLO)** refers to the informal assent of communities affected by a company to the presence and activities of that company. It is unrelated to the formal licenses and approvals the company may require through formal agreements, contracts, or regulatory processes. A company's SLO is widely understood to be a function of the relative risks, benefits, and harms to local communities arising from its presence and activities. It is not fixed but varies in strength over time.<sup>31</sup> Peacebuilders may open ears by connecting the dots between the company's SLO and conflict dynamics: To the extent that the company is seen to be contributing to tensions by hiring primarily from a privileged political group, for instance, its SLO is diminished with at least some parties; to the extent that it is seen to be a constructive ally in helping communities have their grievances resolved by local authorities, its SLO may increase.

**Political risk** is understood to be the risks to the company from actions by non-market forces that may adversely affect the company — for example, the risk that a populist political party comes to power and nationalizes the company's assets, or that conflicts between different ethnic groups disrupt operations. Most companies treat political risk as exogenous, to be mitigated primarily through insurance, security, or other passive means. They often fail to analyze the impacts that their own decisions and actions have on those risks, whether negative or positive. Peacebuilders may find points of intersection with company counterparts when they help companies see how they can — through social-investment policies that leave neighboring communities all feeling fairly treated, for example, or through labor practices that mean that the company is not seen to be taking advantage of an unjust system — directly reduce risks.

**Reputation risk** arises when a company becomes associated in the minds of customers, consumers, suppliers, financiers, or its home- or host-country public with protests, violence, human rights violations, corruption, or environmental degradation, among other issues that arise more frequently in conflict-prone environments.

Reputation risks are understood to have direct and sometimes severe financial consequences for a company. By showing the connections between reputation risk and issues that may seem, from a line manager's perspective, unduly slow (dialogue processes to ensure effective community participation in decision-making, for example) or expensive (for example, training programs to make local community members more competitive candidates for higher-skill employment opportunities) peacebuilding actors may galvanize greater corporate engagement. While there may be a need to beware of "peace washing," one incentive for corporate engagement in peacebuilding processes may also be to mitigate reputation risk.

It may be useful to underline that generic arguments — for example, about the costs and risks of conflict or the benefits of peace for business in the aggregate — appear to have little purchase with corporate decision-makers. As in good peacebuilding practice more generally, the most effective strategies and approaches speak to the realities of a particular actor at a particular place and time.

## 2.2 CONSIDER COMPANY CONSTRAINTS

Large corporations are paradoxical entities: in some ways, immensely powerful actors with elite access, political influence, and seemingly unlimited resources; in other ways, subject to harsh global market realities where fickle customers or a regulatory change can suddenly shift the balance sheet from black to red. Understanding the areas where companies feel vulnerable in conflict-prone environments may improve engagement strategies, while considering where they have comparative advantages vis-à-vis other peacebuilding actors may increase their effectiveness.

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<sup>31</sup> Anderson, Mary B., 2008. "False Promises and Premises? The Challenges of Peace Building for Companies. In Williams, O.F. (Ed.). *Peace through commerce: Responsible corporate citizenship and the ideals of the United Nations global compact*. (pp. 119–132.) Notre Dame, IN: University of Notre Dame Press.

### **Be sensitive to government control.**

In most fragile and conflict-prone environments, governments are conflict actors. While peacebuilders may want to see a company play a more constructive role, it is surprisingly common for people in government to attempt to manipulate the company for political or self-interested purposes. This increasingly takes the form of formal control over company decision-making — for example, through joint ventures with state-owned enterprises that can co-determine social and environmental budgets. But it may also take the form of threats to withhold regulatory approvals; refusals to provide needed foreign exchange through the central bank; painfully slow customs clearances for inputs; or even harassment of company employees. Proposed roles for companies premised on dialogue and engagement may therefore be better received than those that are seen as confrontational vis-à-vis the government.

### **Joining is easier than leading.**

Given specific pressures from the government in power and a more general wariness of engagement in activities that are perceived to be overtly political, companies may find it unduly risky to take on peacebuilding roles that require them to be out front or all alone. Invitations to participate in analysis or to take part in action that are extended to multiple companies — particularly from international organizations or other trusted partners of government — may be more welcome, as the appearance of broad support makes engagement less risky. This may be true both for the company as a whole and for otherwise amenable individuals within the company who may face internal skepticism or opposition.

### **Don't assume capacity.**

Good practice in contemporary peacebuilding increasingly includes a strong analytic component, premising action on a nuanced understanding of the forces of division and cohesion within societies, and on the system dynamics by which change and resistance to it are manifest. Dialogue processes in which conflicting parties build common understandings and commitments to action require highly skilled facilitation and often institutional support. In few of the cases examined in this project did a private company

develop specialized peacebuilding capacities like these on its own. Rather, effective company action was more typically premised on partnerships with peacebuilding organizations.

## **2.3 CAPITALIZE ON A COMPANY'S COMPARATIVE ADVANTAGES**

There is a tendency in resource-constrained environments to see corporate partnerships primarily as a source of funding for activities. This may prove an important role. Yet we find that company impacts on peace arise primarily from their mobilization of their non-financial resources. Peacebuilders will want to consider the ways in which these can be engaged:

### **Networks among “key people.”**

Some companies have networks among individuals who have the formal authority or informal legitimacy to say yes or no to key aspects of conflict or peace. It is relatively routine for a large mining company, for example, to have access to high-government officials in the mining, land, finance, and economic development ministries. Companies may also have established channels of communication with state security services, and with local and regional government actors. Some may even have direct or indirect lines of communication with non-state conflict actors. Collaboration with companies on issues of conflict and peace may provide new access channels for peacebuilders.

### **Convening power.**

Companies in the course of their routine business activities meet with a variety of actors: from water ministry officials to the town planner, from labor unions to the local chamber of commerce to representatives of local communities and environmental NGOs. Furthermore, people's interest — across government, labor, civil society, communities, and others — in the risks that the company may be posing to them or the benefits that it may provide make it easier for the company to convene meetings under the rubric of its legitimate business interests. This may create meaningful opportunities for dialogue among the parties in a conflict setting, and therefore significant opportunities to build peace: to share interests and perceptions; analyze and

monitor conflict dynamics; put principles of justice forward for discussion; develop plans perceived to be fair by all; or provide opportunities for the voiceless and vulnerable to speak directly with those in power.

### Legitimization power.

To the extent that company leaders are part of a particular elite and influential within their sphere, their actions help to shape perceptions and opinions. As part of its business activities, a company may provide legitimacy to peacebuilding ideas — for example, that land acquisition issues need to be addressed by government according to international norms. It may provide legitimacy to peacebuilding practices — for example, that collaborative approaches to analyzing and mitigating social and environmental impacts that may fall differentially on discrete social groups are preferable. And it may lend legitimacy to peacebuilding actors — for example, by meeting with advocates for democratic accountability who are being villainized by those in power.

## 2.4 MULTIPLY ENTRY POINTS FOR COMPANY CHANGE

Many companies insulate themselves from the most distressing aspects of a conflict environment. If the situation presents too-high risks to company people or assets, the company may withdraw; if it stays, it may benefit from private security measures or preferential treatment from the government. One reason that peacebuilders find companies hard to engage is that from some company perspectives, the political risks of peacebuilding outweigh any costs of conflict. Some companies additionally benefit from status quo arrangements — minimal labor protections or lax environmental regulations, for example — making them wary of peacebuilding alliances and agendas.

Private sector actors may for these or other reasons be reactive rather than proactive with respect to peacebuilding, and they may remain resistant to the notion that company action or inaction has a bearing on conflict and peace at all. In such contexts, it may be necessary to gain their attention and buy in through the side door rather than the front door. Companies are subject to influence through a variety of channels: their customers

and business partners; labor unions, particularly in their home country; investors and project finance lenders; peer companies; and governments and intergovernmental organizations. Engaging a broader range of actors in peacebuilding efforts may help to bring private sector actors on board.

Further, there are meaningful differences of perspective within a single company: while the head of operations may worry most about tight project deadlines and budgets, the legal counsel may be more open to conversations about human rights risks, and the headquarters office may be more open to discussion than its local affiliate about best practices that may slow project timelines but in the end be more likely to meet broader company goals. Finally, not all peacebuilding is dialogical, and it must be recognized that community and social-movement protest against the company and disruption of operations in many cases triggers more collaborative engagement by the company.



PHOTO: SENIOR AIRMAN PETER REFT (PUBLIC DOMAIN) / VIA WIKIMEDIA COMMONS



## 3.0 Briefing note for policy actors

The effectiveness of efforts to harness the private sector to support exits from conflict and fragility hinges on a nuanced understanding of what such a role for corporate enterprises looks like in practice. This study demonstrates the ways companies effectively impact peacebuilding efforts. This section explores avenues for enlisting business in the international agenda for fragile states, in light of the nature of companies' potential for impacting peace. The briefing notes above have some relevance for policy actors, but the following should be underlined:

### 3.1 CREATE OPPORTUNITIES AND INSTITUTIONALIZE SUPPORT FOR DIALOGUE AND COLLECTIVE ACTION

In the cases where companies successfully acted to dampen drivers of conflict or support dynamics for its peaceful resolution,

WHAT MOST CAPTURED THE POTENTIAL FOR PRIVATE SECTOR PEACEBUILDING WAS THE CONVERSATIONS THAT COMPANIES WERE ABLE TO CATALYZE AND THE CHANGES IN POWER RELATIONSHIPS AND INSTITUTIONAL ARRANGEMENTS THAT RESULTED.

Companies used their status as important economic actors, actual or potential, to insist that parties deal with key drivers of conflict and peace in their areas of operations, for example, or used their social capital to

enable marginalized groups to take a seat at the table, affording them access to key people and supporting platforms for their needs, interests, and grievances to be addressed.

The reordering of power relationships and institutional arrangements is the central element of success. Policy makers may therefore foster better outcomes by emphasizing the value of inclusive dialogue, planning, and decision-making related to private sector development as a peacebuilding tool specifically, and not simply as a means for prior consultation or the exercise of due diligence.

POLICY ACTORS SHOULD SEEK TO CREATE INSTITUTIONALIZED AND TO SOME DEGREE INDEPENDENT STRUCTURES THAT SUPPORT DIALOGUE TO HELP A VARIETY OF ACTORS WORK BETTER TOGETHER ON QUESTIONS OF CONFLICT AND ITS RESOLUTION,

between companies and their stakeholders but also between other parties and each other. Such support structures helped drive analysis, facilitate dialogue, resolve conflicts, and provide an institutional backbone for capacity building, planning, and monitoring of agreements, among other functions. Whether in the form of dialogue tables, peace committees, secretariats, or otherwise, they were found to be key success factors

in these cases. Yet the relative sophistication of these practices, their relative scarcity in international practice, and their tendency to arise only once acute and often violent conflict was manifest suggest that they are beyond the scope or capacity of most corporate actors to conceptualize and execute under more prosaic circumstances. In fragile and conflict-prone environments in which private sector development plays a prominent role, proactive support and/or funding for such structures may be required to ensure that policies have their intended impact in practice.

### **3.2 USE MULTIPLE LEVERAGE POINTS TO PROMOTE CONFLICT SENSITIVITY AT THE ENTERPRISE LEVEL**

Evidence suggests that, as one approaches the local and operational scale of conflict dynamics, distinctions between private sector peacebuilding and conflict-sensitive business practice become less significant. Key drivers of conflict and fragility within the operational context, as well as the key capabilities for resilience and peaceful development, tend to overlap significantly with the direct and indirect impacts of private sector development and company operations. For most private sector actors, their primary purpose is not "peacebuilding" per se. For them, conflict-sensitivity analysis — followed up by rigorous conflict-sensitive practice — is the soundest foundation for planning and action. It is also essential to prevent human rights violations and additional harm to communities and societies already struggling with conflict.

Policy makers may therefore find peacebuilding value in support for conflict-sensitive business practice, including approaches that go beyond the current focus on voluntary and promotional initiatives. Policy actors may need to harness leverage points through mandatory shareholder, finance, or insurance mechanisms, and through home country and international accountability, knowing that conflict-sensitive action may in some cases

— by requiring slower or more inclusive processes, more difficult engagement of government partners implicated in conflict, or fairer substantive outcomes — reduce profitability and therefore be resisted by some companies.

### **3.3 ENSURE THAT PRIVATE SECTOR PROMOTION POLICIES ARE CONFLICT SENSITIVE**

Many aspects of private sector investment that are implicated in conflict and peace are beyond the scope of even a conflict-sensitive private sector actor to address: the impact on conflict of the regional distribution of private sector projects; horizontal inequalities between groups in the broader economy; the aggregate attentiveness or inattentiveness to the interests of domestic actors and the informal sector vis-à-vis those of large and often foreign enterprises; or unregulated in-migration, for example.

▶ THEREFORE, POLICIES AND INITIATIVES TO PROMOTE ECONOMIC GROWTH, SHAPE THE INVESTMENT AND BUSINESS CLIMATE, AND PROMOTE PRIVATE SECTOR DEVELOPMENT MUST THEMSELVES BE CONFLICT SENSITIVE IF THEY ARE TO PROMOTE PEACEFUL DEVELOPMENT RATHER THAN REINFORCE CONFLICT AND FRAGILITY. ▶

Three themes that emerged in the research are highlighted here:

#### **Develop explicit peacebuilding frameworks.**

It appears particularly important for policy to distinguish between private sector action that creates external social value, on the one hand, and private sector action that builds peace, on the other hand. The private sector may play a role in helping to meet human needs in fragile states. That doing so also addresses key driving factors of conflict, however, cannot be assumed. Current standards of good business practice, including human rights and social performance frameworks, are insufficient to ensure that

companies implementing them — in an individual case or in the aggregate — have positive impacts on peace. This is particularly true where initiatives are based on self-reporting, with no effective means of redress if and when transgressions are found. To the extent that policy actors aspire to change key driving factors of conflict and violence sufficient to achieve “Peace Writ Large,” there is a need to analyze the key drivers of conflict and peace, understand the negative and potentially positive role of private sector actors within conflict systems, and conceptualize tailored strategies including private sector action sufficient to reorder power relationships and institutional arrangements underlying entrenched conflict.

**Be attentive to the selection of private sector partners.**

The companies and their leaders found at the forefront of business efforts to build peace are exceptional: our case studies include a state-owned company with a development mandate; a corporation that was not a profit-making venture per se; companies and leaders with deeply ingrained religious or patriotic values; closely held companies freed from reporting profit and loss to shareholders; and so on. All went well beyond the accounting ledger to find their motivations for what was often slow, risky (from a business perspective) and even personally dangerous engagement for peace. Due diligence is required to ensure that a private sector actor is not entering a conflict environment primarily to maximize profitability in a poorly regulated environment, or to benefit from investment subsidies. Companies should also be clear on the business risks, delays, impacts on short-term profitability, and substantial investment in analysis and new capabilities that conflict-sensitive business practice often entails. The past years have seen significant innovation in the finance of fragile state investment; greater innovation may also be called for in the creation of new vehicles for patient, inclusive, and less profit-driven private sector development in conflict-prone environments.

## Staffing at UTPI

UTPI's original investment decision was predicated on advantageous fiscal and non-fiscal realities (e.g., tax incentives, lax regulations, and virgin land) of investing in the ARMM in Mindanao, as opposed to any cost-benefit analysis related to a reduction in localized conflict through benefits distribution, particularly jobs. Ultimately, on the one hand UTPI's investment and local content strategy has had direct impacts on the reduction of localized violence, which in turn decreased the company's "bottom line" (e.g., reduced costs related to shuttering operations due to violence requiring increased costs for security and insurance) and enhanced its "brand value." On the other hand, UTPI's employment costs are relatively high given that 80 percent of employees hold permanent positions, which is much higher than industry standards. One could speculate that UTPI's return on investment could be higher without its large-scale local content strategy.

### “De-risk” with caution.

One proposed solution to marry the interests of the private sector, host country governments, and multilateral institutions is “de-risking” of investments in fragile environments. Increasingly popular as an economic development tool, the current approach to de-risking foreign direct investment in fragile and conflict-affected operational contexts emphasizes the shifting of risk away from companies onto governments or multilateral agencies through subsidized instruments such as insurance or investment guarantees.

Yet changes in corporate policy, operations, and capabilities in other complex domains — such as environmental performance and workplace health and safety — came at least in part because companies were exposed to more risk, not less. Similarly, the case studies and other evidence highlight that the risk frame is a powerful motivator of company action with regard to conflict dynamics in complex environments, both with

regard to corporate policy and at operational levels. There is scant evidence that companies take seriously or fundamentally address risks to which they do not believe themselves to be exposed. This means that decreasing company risk by shifting it to others may increase risks to society of unacknowledged, unmanaged, and unmitigated negative impacts of company action on conflict dynamics for which the company no longer bears the consequences.

It is therefore critical for risks to business and risks to society to be reduced together. This requires the “peace” in “business and peace” to be paramount: addressing conflict and supporting peacebuilding efforts that include the private sector in ways that make places that are fragile today less risky places to do business tomorrow.



PHOTO: AMISOM PUBLIC INFORMATION [CCo], VIA WIKIMEDIA COMMONS / VIA WIKIMEDIA COMMONS





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## Annex 2: Project Case Studies

Company / Organization	Macro / Local	Country	Industry	Case Time Period	Nature of Conflict and Conflict Actors	Conflict Issue Addressed
Tipiel	Local	Colombia	Engineering/ Construction	1996 – 2002	Nation-wide armed conflict for control of the state between state forces and armed groups	Conflict in Barrancabermeja
OCENSA	Local	Colombia	Energy Transport	1995 – Present	Nation-wide armed conflict for control of the state between state forces and armed groups	Conflict on Trans-Andino pipeline route
ISAGEN	Local	Colombia	Hydropower	2006 – 2013	Nation-wide armed conflict for control of the state between state forces and armed groups	Conflict in Cañon de las Hermosas
Unifrutti Tropical Philippines Inc. (UTPI)	Local	Philippines	Agribusiness	1997 – Present	Armed conflict over regional succession between state and armed groups	Conflict in Paglas
Federación Nacional de Cafeteros (FNC)	Local	Colombia	Coffee growing		Nationwide armed conflict for control of the state between state forces and armed groups	Conflict in coffee farming communities
Norsk Hydro	Local	Brazil	Mining and refining		High rates of urban violence, criminality, corruption, social tension over historical injustices and endemic poverty	Conflict in operational areas in Para State, Brazil
Cyprus chambers of Commerce	Macro	Cyprus	Business association	Present	Political division of Cyprus, Turkish and Greek nationalism	Negotiated settlement
Kenya Private Sector Alliance (KEPSA)	Macro	Kenya	Business association	2012	Tensions and violence among ethnicized political factions over control of state institutions and economic resources	Election Violence
Consultative Business Movement	Macro	South Africa	Business association	1994	Widespread, persistent social unrest resulting from apartheid political, social, and economic order	Transition to Democracy
Consultative Business Movement	Macro	South Africa	Business association	1994	Widespread, persistent social unrest resulting from Apartheid political, social, and economic order	Transition to Democracy
Norwegian Sovereign Wealth Fund	N/A	Norway	Finance	Present	N/A	N/A
Sierra Leone	N/A	Sierra Leone	NA	Present	Private sector contributions to fragility in historical and contemporary perspectives	N/A

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