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Local Business, Local Peace: the Peacebuilding Potential of the Domestic Private Sector

Chapter one
Local businesses' role in formal peace negotiations*

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Chapter one

Local businesses' role in formal peace negotiations[1]

This chapter will trace and describe the different ways in which groups of domestic business communities have participated in formal peace processes seeking an end to conflict. It draws on case-study materials included in Section 2, including examples from Colombia, Cyprus, Guatemala, El Salvador, Mozambique, Nepal, Northern Ireland, Somalia, South Africa and Sri Lanka. This material highlights that private sector participation in peace processes takes many forms, from direct participation in negotiations to indirect activities aimed at exerting influence on negotiators; lobbying; taking messages back and forth (shuttle diplomacy); providing support to off-the-record meetings between parties; producing or disseminating knowledge about peace-related issues; and participating in multi-sectoral dialogue processes in support of negotiations. The cases of participation discussed range from high to low-profile levels of intervention; individual to collective; and explicit to inadvertent, in terms of influence on peace talks. The majority of examples depict action by big business and powerful associations, which case studies confirm are the segments of the private sector that have the operational capabilities, resources and access to policy processes that can have most influence on the dynamics of conflict.

The chapter is grounded in a growing academic and policy literature that suggests that successful peace negotiations and agreement implementation require private sector support.[2] As will become clear, private sector involvement in a political-level peace processes complements (and cannot be seen in isolation from) its role in addressing national, socio-economic issues, confidence building and other dimensions of broader peacebuilding that are discussed in more detail in other chapters. Businesspeople are strategic partners of any peacebuilding process.

When not included, the private sector may develop a potential as 'spoiler', placing it among the 'leaders and parties who believe that peace emerging from negotiations threatens their power, world view and interests, and … undermine attempts to achieve it'.[3] In Guatemala, almost 10 years after the peace accords were signed, the private sector continues to resist paying higher taxes or to meet donor demands for greater domestic responsibility in peace implementation, partly explaining why the implementation of the Guatemalan peace accords remains suspended.[4]

Even in the absence of political motives, business decisions – whether and how to invest, produce and hire – have the power to limit or undermine the agenda and scope of peace negotiations, and their implementation.[5] As will be shown, negotiations in very different conflict-affected countries have therefore needed to pay attention not only to the potential contributions of the domestic private sector, but also its potential to impose obstacles to agreement and the progress away from violence.

The chapter finds that the way in which private sector actors participate in peace negotiations depends on their characteristics (the size and competitiveness of individual companies or sectors, and their ability to produce and defend collective positions), as well as on the openness to private sector participation by governments, negotiating and other interested actors with the capacity to exert pressure (such as the international donor community or other civil society groups). In general, private sector mobilisation and integration in peace processes is both a decision reached internally by companies and also a response to specific opportunities and circumstances.

Finally, the way that the private sector participates in peace talks relates to its motivation. Generally, private sector participation will be more intense in scope and scale where the actual or potential cost of the conflict to business is perceived to be highest. However, this chapter finds that cost of conflict alone is insufficient to produce private sector participation. Other critical factors highlighted in the case-study material include pressure by domestic and external actors to participate, and conditions or dynamics that help overcome collective-action problems within the business community.

This chapter will now give a brief overview of how peace processes work, the main challenges faced at each point in time and the ways in which business can contribute to, or hamper, progress. It will then categorise the different ways in which the private sector became involved in peace negotiations in the different countries discussed in Section 2, reflecting on the question of motivation in each case. The discussion shows that private sector participation does not occur in a political vacuum but is shaped by the opportunities and constraints posed by specific conflict contexts, as well as by the nature and desires of other involved actors and the characteristics of the private sector itself. The chapter ends with a summary of the main findings and an analysis of some implications for constructively integrating private sector actors and needs into future peace negotiations.

What are peace negotiations and agreements?

Negotiating an end to conflict between hostile parties and implementing the commitments made in an agreement signed by all involved are the most daunting tasks facing societies recovering from conflict. Referred to as 'Track 1' diplomacy, to be successful peace negotiations require inputs from a range of actors, and context-specific conducive circumstances in society to be successful. International statistics highlight that most conflicts relapse within a 'five-year danger zone' following the signature of peace agreements.[6] Analysts suggest that a preponderant military victory by one side increases the likelihood of settlements 'sticking', rather than the negotiating process itself.[7] The fragility of peace agreements and their relapse into conflict are attributable to different sources related to the pre-negotiation phase, the negotiation process, the agreement content and the implementation context.

In the *pre-negotiation phase*, getting parties to the negotiation table is the first hurdle.[8] In this regard, attention has been paid to the 'ripeness' of a conflict, whereby the involved parties are ready to enter negotiations either because they realise that military victory is not feasible, or because influential domestic or external actors have convinced them of the social, political or economic desirability of ending the conflict.[9]

Essential to the pre-negotiation phase is the establishment of a level of mutual trust that translates into a willingness to engage in compromise and consensus building.[10] Specifically, the pre-negotiation phase addresses questions ranging from logistics (where talks will be held, how often parties meet, the timeframe of negotiations and participants' security) to substance (defining participant profiles, the role of mediators, the negotiation agenda). In these 'talks before talks' a crucial goal is to bolster both sides' credibility and confidence in the process.

If the pre-negotiation phase is successful, talks will begin but can frequently collapse. Causes for failure of the *negotiation phase* include: a lack of willing and skilled negotiators and facilitators; lack of information on the costs and benefits of alternative courses of action; lack of information about the intentions of involved parties; the absence of the most interested or affected parties and, therefore, a lack of negotiator legitimacy; and low mutual confidence.[11] Complications can also follow in terms of *agreement content* especially where there has been an incomplete or excessively ambitious negotiation agenda. In the first case, insufficient attention may be paid to a 'hidden agenda' that includes issues important in shaping combatants' decision to lay down their weapons, but which may not figure prominently in public statements. In the second case, too many items on the agenda may cause problems of efficacy at the table, such as delay, stagnation and, ultimately, frustration.

The achievements of these two phases are put to the test in the final implementation phase. Commitments need to be translated into action in a context that is no longer marked by the urgency that an ongoing conflict imprints on the pre-negotiation and negotiation stages, but which is invariably scarred by war. Because conflict countries tend to slip off the radars of donors or supporters after the signature of an agreement, resources are harder to come by and countries are often left alone with the task of building and nurturing peace. Not surprisingly, it is in this phase that conflicts tend to relapse in the face of insufficient delivery of promised dividends to all society, but specifically to those in continued control of weapons.

Who is involved?

Different categories of actors are involved in peace talks at every stage. On the one hand, there are those actually doing the fighting – insurgent armies, secessionist movements and parties, individual warlords and state forces. These groups are the protagonists of negotiations and will ultimately sign and be responsible for the implementation of agreements. In addition, peace processes mobilise a vast array of heterogeneous, multi-interest, internal and external, individual and collective actors who have a stake in both the process and outcome, but are not direct protagonists. In this larger group, functions are variable and range from mediation and facilitation of talks to bolstering wider social support for negotiations, supplying the specific needs of the pre-negotiation and negotiation phases (such as offices, transportation or research studies), and monitoring the implementation of their results. The degree to which this group of actors will be involved in talks depends on their authority – for example, an international organisation with the resources and repressive capacity to ensure compliance or the Catholic Church, which holds religious and moral status in many countries – and on the interests of negotiating parties (often, parties who are not willing to lead successful talks will resent any involvement of neutral parties). This kind of participation is not free of risk: the thin line between facilitation and involvement has often caused talks to be interrupted or postponed.

Risks involved

In addition to the risks mentioned above, other issues merit attention. In terms of content, agreements and preceding negotiations may leave out crucial actors with the ability to question the legitimacy of the agreement and the power to sabotage its implementation. In addition, agreements and implementation processes may fail to address vital issues that caused the parties to fight (for example, ethnic recognition, political power sharing, regional autonomy, control over resources, etc.); would motivate parties to adhere to an agreement (financing of ex-combatants); or are necessary for building legitimacy in wider society (overcoming inequality through land distribution, cultural recognition or broadening access to the political process). Agreements may also be too comprehensive, generating problems of efficacy and, when unfulfilled, of legitimacy within broader society.

As regards *context*, many agreements face implementation difficulties due to lack of adequate resources. Implementation is often contingent on swift materialisation of peace dividends, such as the disbursement of funds by international donors or the enactment of reforms designed to increase income or bring changes to the socio-economic or ethnic structure of society. Also, the presence of spoilers (actors with interests in continuing conflict because their demands were not included in the agreements, or because they benefit economically or politically from warfare) has been shown to reverse or halt agreement implementation. Adding to this, the absence of resilient alliances among international and domestic stakeholders to provide for stable agreement implementation and rapid problem resolution has been shown to challenge the situation further. Finally, so-called 'bad neighbourhoods', in which neighbouring states with a stake in an armed conflict, affinities with one of its actors or as a sanctuary for potential spoilers, may pose additional threats to agreement implementation.

Business and peace processes

The domestic private sector has a range of crucial roles to play in all the stages and tracks of peace processes, many of which are examined elsewhere in this book. The least visible, but perhaps most powerful form of participation, stems from what scholars have referred to as the privileged position of business in capitalist societies.[12] In fact, the 'investment imperative'[13] – or the need for capitalist societies to accommodate the interests of capitalists, or else face their destabilising impact – points at the private sector's veto power over public policy, including, in many cases, peace negotiations. As discussed in the case study on Somalia in Section 2, supporters of Somalia's ongoing peace process were very aware of the power wielded by the business community and made a strategic decision to involve business representatives in the process at the highest level to ensure buy-in (see below.) Disapproval need not be manifest, such as party support or lobbying against negotiations, but can take the form of the devastating decision to disinvest.[14] As a result, private sector support, both material and nominal, is crucial for peace activity to prosper.[15]

High-level dialogue with the Somali business community

The increasingly constructive role placed by the Somali business community in the peace process was evident in 2000 when business leaders vocally backed the Transitional National Government (TNG) set up by the Arta peace conference in 2000, despite warlord opposition.

Seeking to capitalise on this early momentum, the Centre for Research and Dialogue, WSP International, the Inter-Governmental Authority on Development (IGAD) and the Djibouti government held a high-level dialogue in Djibouti on 21-22 July 2004. The purpose was to obtain a commitment from the business community to contribute to peace and reconciliation, and play a role in reconstructing the country. Some 36 businessmen and women attended, representing all of Somalia's economic sectors and geographical regions.

The high level of political and diplomatic participation in the meeting underscored the importance attached to the Somali business community's support to the peace process. In attendance were the President of Djibouti; the Minister of Foreign Affairs and International Cooperation of Djibouti; the Minister of Foreign Affairs of Ethiopia; the Minister of the Environment and Natural Resources of Kenya; the Assistant Minister of Foreign Affairs of Kenya; and the Special Envoy of the Kenyan government for Somalia. Also present were diplomats from the United States, Sudan and Eritrea; representatives of UNPOS, UNDP, the European Commission Delegation for Kenya-Somalia; and international organisations accredited to Djibouti. The conference was covered by key media organisations, including the BBC Somali Service, Djibouti Television, STN Television and Benadir Radio and Radio Shabelle of Mogadishu.

The conference started by recognising that the role of the business community in the implementation of peace is critical not only because of the financial and political resources it can offer to the reconstituted government, but also because its input will be vital on such contentious issues as the Disarmament, Demobilisation and Reintegration (DDR) of militia members. Central to discussions was the need to achieve a balance between the business community's national obligations and commitment, and the new government's respect for the private sector's role in the economy.

A follow-up conference was held in Nairobi attended by the contact group formed in Djibouti. The group pledged financial contributions to the government and met with IGAD and IGAD Partner Forum members. The chairman, Sharif Ahmed Sharif, on behalf of the Somali business community, requested assistance from the international community for:

- Re-establishing the Somali Chamber of Commerce and Industries, and provision of technical expertise
- Allocation of membership within various commissions for the reconstruction of Somalia, and the DDR of armed militias
- Support of any future Somali government in developing the private sector
- Appointment of an anti-corruption committee.

As summarised by the Institute of Multi-Track Diplomacy: "The business community has a great deal to contribute to any peace process. It has developed organisational and human technologies relevant to societies emerging from deep-rooted conflict, such as skills in leadership, complex systems change, visioning, strategic planning, participative decision making, teamwork, managing diversity and whole-systems thinking. Business has a global network of contacts, alliances, services and communications that can be powerful resources to a conflict-resolution process. Finally, the business world has access to the capital needed to make the investment in peacebuilding .... These factors all point to a natural partnership between business and peacebuilding."[16]

Marketing peace to the private sector as a profitable undertaking becomes one of the crucial challenges facing all actors, domestic and external, seeking to negotiate an end to armed conflict.[17] Even when the private sector is persuaded to play a role, its participation is vulnerable to the pitfalls of collective action.[18]While the cost of conflict or the benefits of peace to business may seem obvious, the public-good quality of peace (that is, once obtained, nobody can be excluded from enjoying peace's positive effects, regardless of whether s/he has paid its cost), and the view in many places that essentially the state is responsible for its achievement, may impede or postpone private sector participation. In this regard, there is a need for the calculation and dissemination of a peace dividend[19] (actual or expected) as a necessary condition for overcoming collective action problems within the private sector and attracting it to activities fostering peace processes, from supporting talks to reactivating productive activity and fostering capital repatriation.[20]

As will be described in the next section, private sector actors in several conflict-affected countries have explored different ways to shape negotiation processes, the contents of specific agreements (when they have been reached), and the implementation process. Their participation has occurred in all phases of negotiation. As will become clear from the specific cases discussed below, most business participation in Track 1 is indirect, free of formal roles and responsibilities, and the product of private initiatives. Direct participation, tied to an explicit mandate, is less common and more frequently induced by negotiating parties.

A typology of private sector participation in peace negotiations

Direct business participation (with formal responsibilities)

As part of government

Alfredo Cristiani is a good example of a business contribution to peace talks via direct participation in government, or at the centre of Track 1. The son of a wealthy, coffee-producing family in El Salvador and a businessman with interests in pharmaceuticals and the booming financial sector, Cristiani was president of El Salvador from 1989-94 and one of the architects of the 1992 Salvadoran peace accords (see below). He also led the 'modernising faction' in local business which, galvanised by the US-funded think-tank FUSADES, recognised at the end of the 1980s that successful viability in the new, market-oriented economic model hinged on ending the armed conflict. Cristiani's election to the presidency with the support of business was thus explicitly linked to a dual mandate: promoting peace and revamping El Salvador's insertion into global and regional markets.

The nexus between the private sector and government was neatly reflected in the negotiations and resulting agreements. Negotiations were swift, closely followed by FUSADES, and focused on reforming the police, military and judiciary, and guaranteeing the effective demobilisation of combatants. Later criticised for failing to address inequality on a wider basis, the accords nevertheless enjoy widespread support from the former negotiating sides. Guerrillas from the *Frente Farabundo Marti para la Liberación Nacional* (FMLN) have not resumed fighting and have enjoyed significant electoral success. Implementation and stability has also been accented by the continued tenure of the *Alianza Republicana Nacional* (ARENA) party, which brought Cristiani to power.

El Salvador – a firm grip on the peace process

In January 1992, a peace agreement between the government of El Salvador and the FMLN put an end to 12 years of civil war. An important part of the Salvadoran private sector acted as a crucial interlocutor in this process, shaping the design of negotiations and implementation of the final agreement. The private sector massively supported the election of Alfredo Cristiani, the president who led the peace talks, and many private sector leaders participated, both formally and informally, in negotiations and government advisory teams. They actively promoted and were involved in conflict-related research and dedicated resources to support former FMLN combatants' attendance at Central American graduate schools to foster the development of their managerial and other skills.

Previous attempts at negotiating an end to the Salvadoran conflict had encountered business resistance. For example, José Napoleón Duarte, president from 1984-89, shocked the business community with a reform package aimed at redistributing wealth.[21] However, by the end of the 1980s a convergence of factors produced a favourable climate for private sector support to peace.

On the one hand, changes in the structure of the business community led to the consolidation of a 'modernising' elite, with ties to commerce, agro-business and financial services, and the weakening of the traditional elites linked to land and agriculture.[22] Much of this transformation was due to the US-funded think tank, *Fundación Salvadoreña para el Desarrollo* (Salvadoran Foundation for Development, or FUSADES), which dispensed credit and supported activities in new sectors of the economy. In addition, FUSADES produced information on the costs of the conflict to the local business community, as well as the opportunities a more globally integrated economy would enjoy in the absence of conflict, thereby disseminating the idea of a peace dividend. FUSADES was instrumental in rearing a young generation of business leaders who began to occupy leadership roles in business associations and government, effectively displacing the traditional, land-based economic elite.

Alfredo Cristiani was among this group, becoming leader of the pro-business *Alianza Republicana Nacional* (ARENA) party in 1984 and leading it to presidential victory five years later. A disciple of FUSADES, Cristiani pursued a twin agenda on becoming president: economic reform and ending the conflict. Both were closely connected. The Salvadoran Ministry of Planning had estimated that the direct and indirect costs of the conflict from 1980-90 amounted to around $1 billion.[23] The business community was a prime target of kidnapping and extortion. Destruction of infrastructure and lost investment complemented the difficulties for business. The 1980s debt crisis revealed profound structural problems in the Salvadoran import-substitution-industrialisation model and caused GDP to fall by 25 percent.[24] Exports to the Central American Common Market, the country's largest regional trading partner, also dropped and rampant capital flight reduced investment.[25] At the end of the 1980s it became clear to many in the private sector that the conflict was too high a price to pay and that the necessary economic reforms would require minimisation of the diversion of resources by conflict-related factors. Peace became an economic necessity for business.

As a result, most of the Salvadoran private sector supported Cristiani's decision to convene meetings with the FMLN immediately after winning the presidency. In addition, the government guaranteed access to the decision-making process, as well as protection and promotion of business interests. Cristiani's private sector background was matched by his close advisory team – with individuals from FUSADES, ANEP (the main business association) and ARENA maintaining close relations with the negotiating team through periodic briefings and consultations on the peace process. As a result, the private sector maintained a firm grip, both formal and informal, over negotiations and the peace agenda.

The strong business-government connection during peace talks explains the absence of ambitious socio-economic provisions in the peace agenda: the purpose was to end the conflict and to prepare the stage for a new, FUSADES-designed economic model. FMLN leaders, while commanding an organisation that had inflicted severe damage on the private sector during the conflict, abandoned more profound socio-economic demands in exchange for political and judicial change (for which they were rewarded by FMLN's successful performance in national and local elections in post-accord El Salvador, compared with other rebel groups).[26] The private sector closely oversaw the implementation of agreements reached through the negotiations, pushing for profound military and judicial reform, and obstructing attempts by labour unions and other organisations to introduce corporatist arrangements on labour issues.[27] Until today, ARENA has been able to keep its hold on the presidential office, providing for continued business inclusion in, and widespread support of, the clearly confined implementation process.

In return for its intensive participation, the private sector earned stability and a business-friendly investment climate, as well as new economic rules that enabled it to participate in the contemporary international macro-economic environment. Despite increasing crime levels and continued poverty, the Salvadoran economy grew by 6.2 percent on average between 1990-95,[28] much of it nurtured by domestic investment (as well as by remittances from Salvadorans abroad).[29] Gains accrued specifically to commerce, finance and non-traditional goods, confirming expectations that the post-accord economic model would reward the 'modern' elite that supported talks in the first place.

The degree of closeness between government and the private sector in pursuing peace talks in El Salvador is uncommon and provides a unique example of the convergence of several factors that make participation an attractive option for the private sector: a steep increase in the cost of conflict; documented expectations of a peace dividend; political and economic leadership to provide for private sector unity faced with its participation in talks; and the openness of all negotiating sides to private sector participation.

As part of the negotiating team

Sitting in the president's office is one way business can participate in peace talks, although it is more common to find business people as members of negotiating teams (also Track 1). In Colombia, the government of Andrés Pastrana (1998-2002), elected with widespread business support, was anxious to pursue talks with the leftist

Fuerzas Armadas Revolucionarias de Colombia (FARC) and appointed high-ranking business leaders as members of its negotiating team. The move was appreciated both by the business community, which expected private sector participation to provide for sound discussion of the insurgents' economic and social demands, and also by FARC, which extended a warm welcome to business leaders during the talks. Despite the business role, however, central responsibility for the talks was delegated by the president to the presidential commissioner, a move that kept the business people in the negotiating team out of direct negotiations and contributed over time to increasing disaffection with the process among the business community.

The private sector also played a role in settling Guatemala's conflict (see below), with the four-member *Comisión de Paz* (Peace Commission, or COPAZ) including one business representative. In this case, the overall effects of business participation on the outcome of the peace process were problematic. Deep-rooted doubts by important business actors as to the need to hold talks at all (as opposed to pursuing a military solution) prevented business representatives from presenting a united voice at the negotiating table, or enlisting support in the wider business community.

A contentious relationship – business involvement in Guatemala's peace process

The peace accords signed between the Guatemalan government and the *Unidad Revolucionaria Nacional de Guatemala* (URNG) in 1996 were heralded as a success because they included unprecedented social and economic commitments. Almost a decade later, much of what was promised has not been delivered. Fiscal adjustment and increased taxation to address growing social needs in Guatemala are still 'pending'. In addition, the post-conflict crime rate in Guatemala has soared.

The Guatemalan peace process began as a democratisation process in the 1980s with an effort to limit the military's control over politics and the economy. The private sector organisation, *Comité Coordinador de Asociaciones Agrícolas, Comerciales, Industriales y Financieras* (CACIF), played a central role in this transformation. CACIF was instrumental in persuading the military first to accept economic liberalisation reforms and then democratic transition, culminating in the election of a civilian president, Vinicio Cerezo, in November 1985.

Founded in 1957, the organisation was able to play this role due to a gradual shift in business leadership from members of the traditional sectors to members of a modernising group, with family ties to traditional agriculture but active in commerce, finance and agro-industry, and with increasing connections to international markets and networks. It was this business faction that, by the end of the 1990s and until the accords were signed in 1996, became involved in efforts to seek a negotiated end to the country's armed conflict. The *Comisión Empresarial de Paz* (Business Peace Commission, or CEPAZ) was created in 1994.

CEPAZ's official purpose was to lead CACIF in determining the private sector's positions on the peace negotiations. Its creation also suggested that the modernising faction had come to appreciate – and was willing to act more assertively on – the link between ending conflict and improving their own economic prospects. Increased conditionality on development assistance and growing international condemnation of the private sector's perceived tolerance of Guatemala's dark human rights record had also not escaped the group. As a result, CEPAZ created a group of influential businesspeople to pursue three goals: to monitor and exert influence on the peace process, particularly with regard to the socio-economic issues under discussion; and to embark on a mission of persuasion within the private sector.

Profound divisions in the business community complicated CEPAZ's ambition to participate in and shape the peace process. Incomplete economic modernisation had left a chasm between the traditional and modern sectors. In addition, different sectors had different readings of the costs of conflict. The Guatemalan conflict had lingered for decades in the countryside, was geographically confined and, except for a bloody interval from 1979-83, was generally of low intensity. The majority of businesses did not acknowledge that the conflict interferes with their economic activities, leading many to believe that a negotiated solution was unnecessary. As a result, the sectors most prone to benefit from and support negotiations gained neither economic nor political leadership, while economic hardliners remained effective in obstructing advances on the peace front.

Because of these tensions, CEPAZ did not become part of the *Asamblea de la Sociedad Civil* (Assembly of Civil Society), a group of diverse social organisations intended to serve as civil society interlocutors. Members of the pro-peace faction were included in the Peace Commission, but failed to earn the backing of the entire private sector. Illustrating the difficulties encountered, CEPAZ was unable to prevent the *Coordinadora Nacional Agropecuaria* (CONAGRO) either from withdrawing from CACIF in protest over CEPAZ's support of negotiations, or from filing lawsuits for treason against the government's negotiators.[30] In sum, private sector participation in peace talks was highly ineffective in terms of meetings its original objectives – either by representing business interests at the negotiating table or 'selling' the peace process to the business community.

One of the most important points of contention in the peace process was the Accord on Social and Economic Aspects and the Agrarian Situation, which addressed issues of state modernisation and social development, and was among the last and most controversial to be signed. Previous attempts at reaching agreement had failed due to business resistance to tax increases and to recognition of the social function of property, one of the main demands of the URNG and Guatemala's other popular movements. The importance of these issues to the business community was clear from anecdotal evidence. "To complete the first draft of the socio-economic accord," the leading government negotiator recalled. "I met with CACIF 42 times, but only 21 times with the guerrilla leadership. Led by CEPAZ, business finally accepted a VAT increase but conditioned it to a (seemingly unrealistic) GDP growth rate of 6 percent."

That peace agreements were reached in Guatemala can largely be credited to the UN, which facilitated contacts between the parties, drafted agreements and committed funds to implementation. The role of the international community also proved crucial in exerting pressure on Guatemalan business to accept a tax arrangement. Hints by the international donor community that Guatemala's failure to meet its fiscal commitments would jeopardise further funding signalled the limits of donor patience with domestic resistance to sharing the peace burden.[31] The dire economic prospects for Guatemala predicted by the Inter-American Development Bank instilled concerns that business stood to lose substantially in economic terms if key reforms – including fiscal reform – failed to be adopted.[32]

Ten years after the signing of the accords, the Guatemalan private sector has consistently resisted key reforms, such as tax increases. By the end of 2004, most peace commitments had been rescheduled several times or had simply not been met.[33] Post-conflict Guatemala has not enjoyed high levels of economic growth, nor has it seen income from remittances as an engine for growth. When the UN mission closed its offices in Guatemala at the end of 2004, the Secretary General noted that 'serious problems' continued to 'plague Guatemalan society'. "Guatemala has fallen short of its obligations," he continued, "...to substantially increase tax revenues to pay for much needed social investments."[34] In this way, peace consolidation in Guatemala has been marked by instability, which is partly attributable to the contentious relationship that still exists between business and peace.

When they form part of negotiating teams, business representatives often find themselves exposed to the difficulties of having to represent private sector interests while assuming a broader political role with increased accountability to a wider public. This generates tensions, as their core constituency may feel the representatives have relinquished their primary loyalty, while other government and civil society members may suspect that they are participating solely to further their own agendas. The case described in Guatemala, where fellow businesspeople ultimately accused CEPAZ members of treason, was an extreme example of this difficulty. Similar problems arise in negotiating processes that deal with inter-state conflicts, as in the case of Cypriot Brussels Business Group, discussed in Section 2. This initiative, which brought together big business from Greek and Turkish sides of the island with a view to mobilising them for Track 1 advocacy, was dogged by fears that some business representatives had joined the group solely to ensure that the official policies of their own side were not contradicted – while their participation was at the same time viewed with suspicion by the wider public. Maintaining authority, access and credibility with different stakeholders, therefore, is a major challenge to private sector actors in negotiations if they are to continue to serve as bridges, instead of sources of contention.

Indirect business participation (no formal role or responsibility in the process)

Most business involvement does not amount to formal participation in peace talks, but takes the form of the whirlwind of activities that peace talks – or the expectation thereof – set in motion. This kind of participation, which aims at building support for talks, bringing parties to the table and producing an agreement, is more intense in the pre-negotiation and the negotiation phases, and diminishes in intensity during the implementation period.

Helping to build trust to pave the way for negotiations

Years of fighting and the accumulation of records of grievances ensure that mistrust, an essential element of warfare, is a major impediment to agreeing to talks even when both sides acknowledge that ongoing confrontation is no longer desirable. Outsiders or third parties can play an important role in building credibility and trust, and in overcoming prejudice and fear. Persuading parties even to agree to ‘talks about talks’ is an important first step. Supra-party authorities, such as religious groups or international personalities, more often fill this role. However, the private sector has participated in such efforts, drawing on its own resources. In Mozambique, executives of Lonrho, the Africa-based mining conglomerate, shuttled between, and socialised with, representatives of the warring RENAMO (South-African supported and anti-communist) and FRELIMO (official, anti-colonial and pro-communist) groups. In Colombia, business leaders held off-the-record meetings of multi-sectoral groups (including leftist and rightist insurgents, labour and Church leaders, and minority groups such as indigenous and African-Colombian communities) in order to generate space for developing personal relationships. In South Africa, businessmen took members of the conflicting sides on fishing weekends in order to facilitate personal encounters to bridge the divide.

Providing 'good offices': financial and logistical support, and acting as intermediary

Building on these efforts to foster trust between warring parties in advance of negotiations, private sector actors have in several countries played a facilitating role to bring sides together by hosting talks or providing unofficial shuttle diplomacy. In this low-profile form of private sector participation, the building of personal relationships to facilitate effective communication and find points of common interest is very important.

Private sector support to the peace process in South Africa

The business sector was frequently criticised in the late 1980s for supporting and benefiting from the apartheid system. At the time, a small group of business leaders initiated a series of meetings with the apartheid government and a wide range of formal and informal political groupings, including black political leaders who enjoyed popular support.

Their primary purpose was to encourage a debate on South Africa's political and economic future. Progress was hampered by the repressive political climate and the fact that many political leaders were in hiding, detention, jail or exile. Despite these challenges, the relationship-building initiative continued and in late 1988, following a high-level meeting between business leaders and representatives of the Mass Democratic Movement in Broederstroom, the Consultative Business Movement (CBM) was formed.[35] The initial focus was on consultation and relationship building with key political players, such as the African National Congress (ANC) and the Inkatha Freedom Party (IFP). This alone was significant since broad trust was non-existent at the time.

The 1980s was a very turbulent period in South Africa, with high levels of political violence. The need for a national peace conference was undeniable, but the political dynamics and a power struggle between the government and the ANC (and other parties) presented a complex issue as to who had the legitimacy to convene such a conference. The National Party government's efforts to convene an official peace conference were opposed by the liberation movements on the grounds that the government was the primary instigator of violence. That impasse was broken when the CBM and South African Council of Churches facilitated a process that led to an inclusive peace process. The first meeting of the formal process was convened at the offices of a leading industrial company, Barlow Rand Ltd, and co-chaired by John Hall, a Barlow executive and chairman of the Chamber of Commerce, and Archbishop Desmond Tutu. This was the beginning of a long journey in which business leaders played an active role in working with political parties, women's groups, religious groups, NGOs and trade unions to foster a climate of peace.[36]

The CBM's credibility and legitimacy were established during the peace process and laid the basis for a request for the organisation to provide the secretariat and administrative support for the Convention for a Democratic South Africa (CODESA) process. When the CODESA process deadlocked in 1992, the CBM convened local academics and foreign experts with the 'passive approval' of the major political parties in an effort to break the deadlock in negotiations about powers of the regions versus central government. The resulting report played a critical role in the major parties' thinking and proved decisive in shaping the final constitutional agreement on this sensitive issue.[37]

With less than a month to go before the first democratic elections, the IFP refused to participate. Following a suggestion from Nelson Mandela, the CBM was asked to manage a process to secure international mediation. Dr Henry Kissinger and Lord Carrington were leading figures in the international delegation that arrived in South Africa 10 days before the scheduled election. When the mediators failed to reach a common agreement with all parties on clear Terms of Reference, the most prominent of them left South Africa. However, one of the lower-profile mediators launched a process of informal shuttle diplomacy with CBM support to secure buy-in from IFP leader, Mangosuthu Buthelezi, then president F.W. De Klerk and the ANC's Nelson Mandela.[38] The subsequent agreement formed the basis for the first democratic elections in South Africa's history.

In Mozambique, Lonrho's then chief executive 'Tiny' Rowland, supplied the company jet to transport RENAMO representatives to the negotiating table in Rome and the company pumped millions of dollars into keeping RENAMO involved in talks and, when an agreement was finally signed, providing for the demobilisation of its fighters.[39]

In Northern Ireland in 1996, the Confederation of British Industry (CBI) joined with six other trade and business organisations – the Hotel Federation, the Institute of Directors, the Northern Ireland Chamber of Commerce and Industry, the Northern Ireland Growth Challenge, the Northern Ireland Economic Council and the Northern Ireland Committee of the Irish Congress of Trade Unions – to create the Group of Seven (GoS). As a collective voice of economic interests, the GoS was endowed with considerable authority which it used to advance one principal message: Northern Ireland must make a 'stark choice between a future of peace and prosperity and a destiny as one of the world's most irredeemable trouble spots'.[40] In October 1996, the GoS invited representatives of all nine political parties involved in the peace talks to a meeting in Belfast. Collective meetings, rather than individual ones, mirrored the Group's strategy of political cooperation and impartiality. At the meeting, the Group had two main objectives:

- To present the economic rationale for peace, discussing its importance for economic growth and prosperity
- To urge political parties to fortify their efforts for peace.

In a subsequent press release, the GoS said it had emphasised ‘how catastrophic it would be for the economy and for every aspect of life in Northern Ireland if the current talks were to collapse’. It also asked the parties to seek new solutions to problems that had hitherto proved intractable.[41]

Although the Belfast meeting provoked politically motivated complaints, it compelled political leaders to address the challenges of peace and economic growth in a holistic manner for the first time. Over the next 21 months, the GoS held five further meetings with the various political parties, contributing its input to the political debate. In April 1998, David Trimble, leader of the Ulster Unionist Party, and John Hume, head of the Social Democratic and Labour Party, announced the Good Friday Agreement, supported by eight political parties and the Irish and UK governments. While a landmark towards, rather than an endpoint to, the conflict, the agreement set out the framework for Northern Ireland’s social, economic and political future, and remains the guiding framework of the peace process.

Business can also use ‘good offices’ in this way for smaller objectives, rather than actual peace negotiations. Kathmandu-based businesses’ negotiations with the Maoists and the government, while they were also in the middle of negotiations to avert a Maoist shutdown of their industries, allowed them to act as facilitators and providers of ‘good offices’ between Maoists and government for the mutual release of prisoners.

Direct engagement with conflict parties and negotiation

Businessmen refrained from directly engaging with the rebels for a long time. “Since the Maoists perceived us as the class enemy, the business community thought that there was no room whatsoever for engagement,” said the managing director of one company. At the same time, direct negotiations meant challenging state authority. If the state, particularly the army, suspected that businesspeople were cooperating with the Maoists, they could land in trouble or prison.

In early 2000 and 2001, the Maoists detonated explosive devices in the units of several Indian subsidiaries and multinational corporations, including Surya Nepal, a subsidiary of International Tobacco Company; Nepal Bottler’s Limited, manufacturers of Coca-Cola; Nepal Lever Ltd, a subsidiary of Unilever; Nepal Battery; and Dabur Nepal Ltd, a subsidiary of Dabur India. This was consistent with the policy of opposing foreign investment in Nepal, the sixth demand in the Maoists’ 40-point demand to the government in 1996.

However, when the Maoists announced on 17 August 2004 the forced closure of 12 enterprises, the business community reached its limit. These firms included locally owned and joint ventures. A week later, the Maoists announced the closure of a further 35 companies, threatening the collapse of the entire industrial sector. The Maoists switched their focus to local industries, rather than foreign subsidiaries, in order to force a sense of urgency on the business community. A list of demands on working conditions was issued, but it also included political demands, leaving businesses in the uncomfortable position of having to mediate between the government and the Maoists.

To address these threats, the Federation of Nepalese Chambers of Commerce and Industries (FNCCI) set up a task force to begin collective discussions with the affected industries, the government and legal trade unions, without initially making contact with the Maoists. After some consultation with civil society, the FNCCI contacted three well-known human rights activists. They agreed to mediate between the business community, government and the Maoists, thanks to the endorsement of the government and personal access to decision makers in the rebel movement.

After receiving government approval, the mediators brought together businesspeople and leaders of the Maoist trade unions. After a lengthy process of negotiation, agreement was finally reached on 30 September 2004. The government agreed to release two Maoist trade union leaders and make public the whereabouts of others who had been detained. The FNCCI agreed that its members would negotiate with trade unions on workers' welfare issues. As a result, the Maoists withdrew their threat to force the closure of the 47 factories.

Mobilising wider business support

Business action also focuses on ensuring the support of other business actors for peace negotiations. Reflecting distinctions within the business community in terms of the weight of the conflict burden, not all sectors and companies will be equally interested in peace talks, either because the cost is not equally spread or because some benefit from conflict or oppose talks with what they consider enemies or potential competitors. The Guatemala case illustrates this point. In this sense, attracting strategic sectors, both because of their constructiv and their spoiling potential, becomes a crucial task for business leaders seeking to promote peace talks. This kind of awareness raising can be very effective because of the basic understanding business people have of one another, perhaps more so than when other actors seek to bring business on board. In Somalia, for example, the case study in Section 2 finds that businesspeople in favour of instituting a transitional government enlisted the support of others to keep warlords at bay in Mogadishu, thereby displaying a power to neutralise potential spoilers among them. The example is even more important inasmuch as many of these warlords had previously enjoyed business support and collaboration in the pursuit of mutual goals. In Nepal, it is an explicit objective of the recently established National Business Initiative to extend participation to more businesses, including outside Kathmandu and into the regions.

The National Business Initiative in Nepal

In February 2003, at the invitation of the Swiss Development Corporation, two prominent business leaders took part in a seminar in Switzerland on Conflict Resolution and Peacebuilding in Multicultural Societies attended by representatives of Nepal's mainstream political parties, the rebel Nepal Communist Party (CPN-M) and civil society organisations. Businesspeople perceived the group's interactions as largely positive and one was invited to draft a common statement on its behalf.

Encouraged by the experience, they returned intent on mobilising other businesspeople. Soon afterwards – together with the GTZ Private Sector Project and with advice from International Alert – the FNCCI, the Nepal Chamber of Commerce and Industry (NCCI) and the Hotel Association of Nepal (HAN) organised a national conference on the 'Role of the Private Sector in Peacebuilding, Reconciliation and Development' in which over 100 business leaders took part.

The conference provided an opportunity to share experiences from other conflict contexts, including from South Africa where the business community had played a critical role in negotiations between the ANC and the apartheid regime. One resolution to emerge was: "There can be no successful business in an unsuccessful society and there can be no successful society without successful business."

GTZ continued to provide support to business leaders who expressed interest in exploring additional possibilities for developing strategies and programmes aimed at defining specific roles and steps. This included the formation of a National Business Initiative for Peace (NBI). As part of the process, business leaders engaged more actively with NGOs throughout 2004, particularly Civil Solidarity for Peace, a coalition of hundreds of civil society organisations aimed at pressuring the government and the CPN-M to return to the negotiating table, in an effort to learn more about greater coordination on the peace issue.

The NBI comprises 14 national business organisations, including the FNCCI, the NCCI and the HAN. Its goal is to contribute to 'sustainable peace in Nepal through just socio-economic growth', while remaining politically nonpartisan.[42] It aims to invest resources in three key areas: social capital; infrastructure; and the creation of safe spaces for peace talks and genuine, peacebuilding efforts.

These areas of activity are based on a pertinent analysis of the conflict. "The conflict is aggravated by unjust socio-economic development and political failings. Poverty, disparities, poor governance, corruption and the failure to adequately deliver essential social services and infrastructure to rural communities and marginalised groups are the other underlying causes of the conflict. Therefore, for a lasting solution, the nexus of poverty, poor governance and marginalisation needs to be urgently broken."[42]

The NBI acknowledges that the business community cannot act on its own, but needs to work transparently and in coordination and partnership with others, including the conflict parties and civil society. As with the business community, it recognises the need to reach out to different actors (individuals, businesses, chambers of commerce and so on) at different geographical levels.

The NBI aims to achieve the following goals by the end of 2007:[43]

- The general public will become aware of the NBI and its activities
- There will be substantial press coverage of the NBI and its activities
- Entrepreneurs will become conscious of their role in conflict transformation and peacebuilding, and local chambers will initiate related activities
- Entrepreneurs will introduce socially responsible business practices in order to contribute to just socio-economic development
- Businesses will reach out to communities with socio-economic development activities
- The private sector will secure the cooperation, collaboration and/or contribution of larger civil society for activities/initiatives led by the private sector
- The NBI will increase its membership base
- Enterprises will be awarded a 'peace certificate' that will improve their public image
- Threats of harassment and intimidation against the private sector by any of the conflicting parties will decrease
- The private sector will engage in dialogue with government at various levels
- Entrepreneurs and their federations will identify topics for a future peace agenda and will table them.

It is too early to assess what impact the NBI's work will have on the wider peace process. However its approach, inclusiveness and outreach to other actors both within the private sector and more widely evidence a willingness on the part of businesses to become involved in a strategic and sustainable way.

Mobilising public support for the peace process

Beyond the business community, peace processes need public support if they are to go ahead, have legitimacy and 'stick'. Trying to gain public buy-in for a peace process, particularly at the pre-negotiation stage, is one of the central tasks that peacebuilders face. Business actors have historically been highly effective in mobilising society in support of peace by appealing to emotional, as well as economic, reason. Business has funded awareness-raising campaigns aimed at underscoring the suffering and devastation imposed by conflict. In Northern Ireland, the GoS urged all parties to seek peace. In Sri Lanka, posters and press advertisements sought to influence voters to support peace-oriented parties and candidates, and the Sri Lanka First (SLF) campaign (see over) focused on raising awareness about the economic costs of the war and the benefits of a 'peace dividend' prior to the 2001 elections. In Colombia, private sector leadership in the Citizen's Mandate for Peace, Life and Freedom Movement collected 10 million non-binding votes in October 1997 and was crucial to conveying to the incoming Pastrana government the widespread support that peace talks would enjoy.

The Sri Lanka First campaign

Sri Lanka was, until recently, a country with steady economic growth despite its three-decade long conflict. As a result, big business had little motivation to support peacebuilding initiatives. This all changed with the bombing of Colombo International Airport in 2001 which, together with a crippling power crisis in the same year, demonstrated the vulnerability of key business sectors to violence. The combined impact of the two events pushed the economy into negative GDP growth, the first time this occurred throughout all the years of war.

As the economic costs of conflict became more evident, pressure intensified on business to do something. For the first time, members of the Colombo corporate community joined in alliances to lobby for peace. The most prominent of these ventures was Sri Lanka First (SLF).

SLF was formed by a group of trade associations in the garment, tea, tourism and freight sectors and was the first organised, high profile campaign to mobilise citizens into supporting a call for immediate negotiations and a peaceful resolution to the conflict. Big business in Sri Lanka is almost entirely concentrated in the Colombo Metropolitan Area and is predominantly export-oriented. The Colombo Chambers of Commerce (CCC) represents some 500 of the country's biggest companies, which produce around 40 percent of national GDP. The SLF emerged from among members of the CCC in the latter half of 2001. The CCC has some influence at the government level and is also in a good position to lobby donors for funding development activities.

The emphasis of the SLF campaign was on raising public and political awareness about the economic costs of the war, and the social and economic benefits of a peace dividend. SLF initiated a number of public demonstrations for peace, backed by a media campaign that lobbied for business to adopt practices that foster peace, but it stopped short of taking any political position in terms of solving the conflict. Its foremost task was to convince all parties to come to the negotiating table. The timing of the campaign was significant since it fell during the election of December 2001: SLF-sponsored posters and press advertisements tried to influence voters towards supporting peace-oriented parties and candidates. This business-led advocacy helped to bring a pro-peace government to power.

Colombian citizens' mandate for peace

The mid-1990s were a time of profound crisis in Colombia. The government was mired in corruption, the economy was on the brink of major recession and the intensity of the armed conflict soared. Against this background, civil society received an unprecedented boost. Hundreds of civil society initiatives were launched to promote dialogue, productive development projects and conflict awareness. One was the Citizens' Mandate for Peace, Life, and Freedom, a cross-sectoral initiative that mobilised 10 million votes in an informal, nationwide poll to protest against the conflict on 26 October 1997. This symbolic act, and the message of despair it conveyed to government and the armed groups, was credited with creating a political environment conducive to the establishment of peace talks between the government and the FARC in January 1999. Indeed, the 'mandate effect' (*efecto mandato*)[44] was said to explain the high level of popular approval for peace negotiations (90 percent).[45]

Business was a crucial player in the Citizens' Mandate initiative. Its participation was initially spurred by concern over extortive kidnappings, a phenomenon that plagued the business community above all other sectors. In the mid-1990s, businesses had supported and organised *No más* ('No More') marches and demonstrations across the country demanding an end to abductions. Business was also a major sponsor of País Libre, an NGO founded in 1999 with the purpose of eradicating kidnapping and assisting its victims to recover.[46] In early 1997, an unprecedented alliance emerged between civil society organisers of the Mandate for Peace and Life and anti-kidnapping business activists, triggering a change of name to the Citizens' Mandate for Peace, Life and Freedom. The union between these groups, which had often been on opposing sides of the argument in the past, was a powerful statement that no social sector was willing to compromise on the demand for peace, irrespective of the politics of the participants.

The National Business Council, comprising Colombia's largest business associations, was a key organiser of the Mandate movement. Members of the Council played prominent roles in mobilising popular support. Business leaders went on television to advocate the need to vote for the 'peace ballot' and presented their respective communities with arguments in favour of the initiative.

Participation in the movement planted the seed of businesses' participation in the peace processes that characterised the following years. After the Mandate poll, business association leaders made direct contact with guerrilla groups. Several preparatory meetings in Germany led to the first large convention of Colombian civil society and representatives of ELN in Mainz in June 1998, which ended with a signed commitment to seek a solution to the conflict. Representatives of business associations representing small and-medium-sized companies, retailers, chambers of commerce, industry and cattle ranchers also signed the accord.

The tide has since turned, and the peace talks with the ELN and the FARC ended with no success. With hindsight, the Mandate initiative was criticised for wasting political capital. Although the government formalised civil society and business participation in the peace talks (Law 434 of 1998) by way of tribute to the Mandate, such participation failed to materialise in practice. However, the Mandate's impact may lie elsewhere, specifically in its role as a learning process and a propeller for growing business involvement in the search for a peaceful solution to the armed conflict.

Providing knowledge and research

Effective negotiating, facilitating, lobbying and awareness raising require data to document positions and opinions, feeding into all tracks of peace processes. Often private sector participation in peace talks includes the pooling of resources in order to commission research to produce and disseminate information at crucial times before and during negotiations. The most recurrent of these efforts is the relationship between armed conflict and national, economic performance generally, and analysis of the costs of conflict to the private sector, specifically. It is no coincidence that important private sector think tanks, such as El Salvador's FUSADES, Colombia's *Fundaçión Ideas para la Paz* and the Northern Ireland CBI, were founded when conflict escalation was imposing the greatest costs.

The Confederation of British Industry and the Group of Seven – a marathon walk to peace in Northern Ireland

In the early 1990s, Northern Ireland's business community began publicly to acknowledge the explicit link between protracted sectarian conflict and slow economic growth. Companies in the Northern Ireland Confederation of British Industry (CBI) decided that, if they wanted to improve the economic situation, they would be obliged to engage in the Northern Ireland peace process. As the collective voice of regional business and an independent, non-party group, the CBI was well placed to lead a private sector peace initiative.

Since 1991, the CBI had been engaged in partnership with the Irish Business and Employers Confederation to promote trade and business cooperation between Northern Ireland and the Republic of Ireland. Trade and business contacts have steeply increased in the past decade partly due to this initiative.

In 1994, the Northern Ireland CBI produced a landmark publication, *Peace – A Challenging New Era*. Better known as the 'peace dividend paper', the document spelled out in detail the economic rationale for peace and soon became a reference point for the peace process. The media adopted the term and used it extensively, giving new momentum to the peace process. Articles began to focus on the economic importance of peace in Northern Ireland.[47] The CBI paper examined the negative impact of violence in Northern Ireland, identifying the following inhibitors to economic development:

- Increased security costs for the private sector, especially in sectors such as retail
- A commercial image problem that made foreign investors reluctant to invest and tourists reluctant to visit
- Emigration of some of Northern Ireland's brightest young people, including many would-be entrepreneurs.

The peace dividend paper argued that if violence ceased, the money currently spent on law, order and protective services (some $1.42 billion in 1994) could be reinvested in other sectors. Increased funds for education and infrastructure, for instance, could have boosted economic growth further.

In the wake of the August 1994 ceasefire, media attention was fuelled by empirical evidence that supported the peace dividend theory. During this period of non-violence, tourism rose 20 percent in a year and unemployment dropped to 11.5 percent, its lowest level in 14 years.[48] Over the following six months, $48 million in new investment ventures were announced. Politicians in Northern Ireland began to recognise the political merit of calling for a peace dividend. Gerry Adams, leader of Sinn Fein, spoke of 'the importance of consolidating the peace process by ensuring that an economic peace dividend, in terms of jobs and investment, impacts on the day-to-day lives of citizens'.[49]

Thanks to the CBI, the idea of a peace dividend became integral to the vocabulary of peace in Northern Ireland. The new focus on economics turned into a reality the CBI's conviction that 'politicians should [look] for areas of agreement ... and build on these'.[50] By approaching peace from a business angle, the CBI changed the terms of the debate and helped infuse new momentum into the peace process.

One of the starkest examples of the link between knowledge production and interest in producing and shaping peace talks was El Salvador. The FUSADES think tank effectively linked peace not just to diminished costs, but the implementation of the economic reforms implemented elsewhere in the world at that time, thus providing for a double transition from conflict to war, and from a state-centred import-substitution-industrialisation model to a more open, competitive economic model. Founded in 1983 with funds from USAID, FUSADES not only produced highly qualified technical reports, but was also equipped to dispense credit and support activities in new sectors of the economy to the detriment of traditional products, thus playing a key role in shifting the balance among diverse sectors of the economy. It was this shift in balance that eased Cristiani's bid for presidential power and peace.

Sri Lanka First also sought to convey the economic costs of the war, and the social and economic benefits of a 'peace dividend' by means of a fully-fledged, public media campaign. In Cyprus, the Brussels Business Group attempted to underscore the mutual economic benefits for both sides of the island if peace was attained. In this case, joining the EU, and gaining access to its economic opportunities was presented as the most significant carrot for bringing the two sides together. In Colombia the publication of documents relating to job creation once talks were underway sought to exert pressure on negotiators to maintain 'realistic' expectations as to the costs of peace.

Monitoring/ensuring implementation

The diverse list of activities performed by private sector actors illustrates the multiple fronts on which participation can take place, although most are restricted to the pre-negotiation and negotiation phases. Negotiating an end to conflict is but one step towards peace. Ensuring that promises are kept, expectations of combatants and non-combatants are fulfilled, and criminal structures are dismantled are also critical areas where the private sector also has a role.

Implementation is often compromised by difficulties in raising the required social and economic resources. Rebuilding destroyed infrastructure, establishing demobilisation and reintegration programmes for combatants, wider job creation, and reconciliation at community and political levels are all of paramount importance and can threaten agreements if not fulfilled.

Several examples from El Salvador, Sri Lanka and South Africa suggest that business has participated in ensuring agreements become reality. In El Salvador, the continued tenure of ARENA, the business-led party that promoted and oversaw peace talks, has provided an important impulse to continued attention to agreement implementation. In Sri Lanka, businesses have engaged in team-building activities, direct advocacy for peace, and financial support to state and civil society peace interventions. In South Africa, businesses continued to be intensively involved in discussing policies for economic growth, job creation and building human capacity after 1998. Central to these examples of business participation in implementation was the continuity of business leadership and sense of mission, induced in part by the development of institutional know-how and experience during the pre-negotiation and the negotiation stages.

Notably, these examples are cases where the business community played a leading role in producing and sustaining talks. The costs of insufficiently enlisting the support of the entire business community in the pre-negotiation and negotiation stages often becomes clear at the implementation stage. In Guatemala, for example, tensions in the business sector in the pre-negotiation and negotiation stages created difficulties in inducing compliance with agreements by business actors in the implementation stage, causing severe delays in implementation and contributing to generalised disappointment with the peace accord.

Why the private sector becomes involved in Track I

When Nepali businesses were threatened by attacks from Maoist rebels, they finally overcame their fears of government and intervened to promote negotiations. Similarly, when conflict escalated in the mid-1990s in Colombia, the business community experienced a dramatic shift in its willingness to support negotiations to end the fighting. In Sri Lanka, the bombing of Colombo airport in 2001 spawned several business initiatives to bring parties together to negotiate. Finally, combat in upscale residential areas of the capital of El Salvador prompted Salvadoran businesspeople to push decisively for negotiations. In sum, the escalation of conflict and the ensuing costs to business activity – low productivity, increased transaction costs, low investment, deteriorating infrastructure – are the prime factors motivating business involvement in the search for peace. At the same time, recognition of the opportunities that peace may bring for business growth – especially through enhanced access to international markets – is also a clear driver.

However, while the rising cost of conflict and awareness of the opportunities of peace are key common denominators, they are not sufficient to explain when and what form business participation in peacebuilding will take, or what impact it will have. Other factors complement, reinforce and shape specific forms of action. This section will analyse five points: receptiveness to business of the negotiating sides; the private sector's capacity to act collectively; the private sector's experience of social engagement; effective dissemination of a peace dividend argument; and international pressure.

Receptiveness to business of the negotiating sides

When and how the private sector participates in peace processes is contingent on whether the negotiating sides are willing to include it in negotiations and consultations. Such willingness may arise from an understanding of the political economy of conflict and peacebuilding, as well as from private sector credibility and legitimacy. El Salvador was a case where both sides in the conflict were disposed to include private sector interests; both the Cristiani government and negotiating team, and leading figures in the FMLN high command realised the need to enlist business support to reach agreement and implementation. Similarly, ANC leaders and moderate regime supporters in South Africa, followed by negotiators more widely, allowed private sector attempts aimed at bringing the two sides to the table. By contrast, confrontational attitudes by rebels and members of government in Guatemala combined with tensions inside the business community to lead to a bumpier relationship between the private sector and the peace negotiations.

Private sector capacity to act collectively

While individual interventions do occur, private sector actors more commonly join forces in the search for collective goals. However, when the benefits of collective action are not clear or when there is no effective private sector organisation, it is harder to come by. In such cases, business leadership can still play a crucial role in terms of generating awareness, trust and the mobilisation of people and resources among private sector partners. The South African case is illustrative. Only a small group of companies initially engaged in conversations with the conflicting parties, but they were progressively able to enlist broader private sector support. However, in Guatemala, despite several attempts to produce a unified position with regard to the negotiations, the progressive business faction was unable to overcome resistance by significant sections of the private sector.

Experience with social engagement

Accumulated experience in social engagement may make it easier for private sector actors to engage in activities that support peace negotiations. Many of the cases discussed here show that private sector participation in peace talks draws from previous activities and experiences related to social engagement. Such institutional learning occurred in Guatemala where participation in the democratisation process reared a business generation that later supported peace negotiations. Similarly, long traditions of philanthropic and political activities in Colombia and South Africa provided the basis from which to draw private sector support for peace discussions.

Effective dissemination of a peace dividend argument

When looked at in aggregate figures, armed conflicts impose obvious costs on private sector activity. However, few companies undertake systematic calculations of those costs, or even those of peace. Company involvement in peace processes often requires increased awareness of the costs that may have been incurred unknowingly, and is contingent on proper marketing of the peace dividend argument to companies. In this way, research activity and mediation may help private sector (and other) actors to change their perceptions of conflict, opening space for negotiation and for private sector participation in it. This dissemination was crucial in El Salvador, Northern Ireland and South Africa. In Colombia, peace became 'fashionable' in the mid-1990s, but slipped from the private sector's agenda after peace talks failed and a new government produced tangible military results in the fight against the insurgency, weakening the peace dividend argument.

International pressure

Convincing the private sector to participate in peace negotiations may also result from targeted intervention by international actors. Prestige, trust, resources and authority are among the factors that make international intervention effective with private actors. International organisations offer relatively neutral spaces for dialogue, enjoy credibility and may be willing to incur costs that are not acceptable to local actors. The participation and sustained efforts of the PRIO and the government of Norway were key to producing contacts between the Greek and Turkish Cypriot business communities. The WSP facilitated private sector involvement in Somalia. The cases of Guatemala and the Democratic Republic of Congo, on the other hand, illustrate the role played by the UN in attracting and facilitating private sector participation in the peace process, though with better results in the latter than the former. The threat of international economic sanctions against South Africa was crucial in galvanising support among the local business community for a transition process.

However, an international presence is not always favourable to inducing private sector participation. In Colombia, resentment of accusations by international organisations that the private sector was complicit in human rights violations caused some businesses to develop resistance and fail to engage in constructive dialogue on addressing their role in overcoming conflict. Similarly, in Guatemala, many in the business community felt that the accords were more or less dictated to the government by the UN and were not the result of autonomous action.

Conclusions

This chapter has discussed several cases of formal peace negotiations in which private sector actors have been involved. It suggests that the private sector has enormous potential for shaping peace processes because it can both impose obstacles to peacebuilding goals through its investment decisions, and lend credibility, political weight, resources, skills and know-how to all of the tracks involved in facilitating the transition of a society from conflict to peace. Because it has been the direct target of conflict, and because its economic weight fundamentally affects a country's economic performance, its actions in support of peace processes are often invested with the same credibility as those of other actors.

Why the private sector becomes involved has to do primarily with conflict costs, but is also related to factors related to context and the specific organisational capabilities of private sector actors. This section outlines some general insights and lessons for business, scholars and policy makers.

Insights for business

Promoting peace talks is difficult and requires patience

Business actors interested in promoting peace talks are at less risk of disappointment when they realise that these are complex and multiform processes that require patience as trust develops between parties and constructive dynamics are set in motion. In Northern Ireland, the business community began publicly to acknowledge the explicit link between protracted sectarian conflict and slow economic growth in the early 1990s. Nearly 10 years later, implementation of the 1998 Good Friday Agreement is still far from complete and requires ongoing private sector collaboration. Similarly, the first steps towards business involvement in the South African transition process were taken in the late 1980s when corporations were perceived to have supported and profited from the apartheid system. From then until the approval of the new constitution in May 1996 and beyond, the business community invested almost a decade and a vast amount of resources in producing the desired outcome, and it continues to be involved in addressing the socio-economic legacy of apartheid to ensure a cohesive future for South Africa.

Different stages of a peace process pose different needs and opportunities for business

The pre-negotiation stage requires investment in developing trust between the parties and support within society, while negotiations imply greater disposition for open discussion and information on agenda topics. At the implementation stage, the commitments of the pre-negotiation and negotiation stage are put to the test of harsh reality and confront businesses with difficult decisions and demands – for example, whether to participate in employment programmes, tax reform and land redistribution, or to provide jobs for former combatants.

Building alliances within business and with other social partners is crucial

Peace processes require multi-stakeholder negotiations at various levels and decision-making authority is highly decentralised – a model of working that may be unfamiliar or frustrating to businesspeople. Allies need to be identified and nurtured; and spoilers need to be identified, neutralised or included. Alliances with other social sectors strengthen the voice of business and spread the cost of organisation more evenly.

Effective participation requires building access to all negotiating parties

Business actors tend to be closer to government than rebels, but advances toward the rebel side hold great potential for pay-off. Colombian rebels, for example, appreciated efforts by business leaders who visited them in their camps, realising that they held the key to profound economic change and opportunity. Furthermore, coming from such ideological opposites, the presence of business leaders is often taken as tangible proof of a willingness to engage in credible processes. In El Salvador, after agreements were signed, rebel leaders declared that the massive presence of the private sector in the negotiating team and behind the negotiation effort contributed to increasing trust in, and the credibility of, the peace process. South Africa also provided a good example of attempts to build and nurture access to both sides as business leaders approached members of both the apartheid regime and the ANC in order to produce a fertile ground in which talks could take root.

Informed participation in peace processes requires resources and increases effectiveness

Underlying most effective business participation in peace negotiation is the production of knowledge. As illustrated in many of the cases discussed above, investment in reliable information on the links between conflict and economic performance offers great opportunities for generating awareness within business and beyond of the costs of conflict and the dividends of peace. It also provides instruments for more productive participation in talks, and more accurately describes the challenges and burdens of implementation and stabilisation.

Insights for policy makers and scholars

Not always a partner…

The cases presented here are biased by the fact that they all display some degree of private sector participation. Often, however, private sectors have been opposed to peace negotiations and, in some of the present cases, there are instances of private sector-rooted obstacles to talks. In Somalia, the private armies that protect several important private sector actors caused facilitators to fear that they might evolve into spoilers. In Guatemala, a recalcitrant business elite endangered progress by questioning the authority of the government, the credibility of the guerrillas and the legitimacy of their representatives. There are numerous other examples of those with specific economic interests blocking peace. This points to the need to develop strategies for engaging the most appropriate business leaders in constructive processes that influence others.

A combination of strategies

As in other activities, business tends to combine strategies, or to pursue different strategies simultaneously. Among the different forms of private sector participation there are important, spill-over effects. What begins as information production may easily develop into facilitation, lobbying and/or inclusion in a negotiation team. As a result, while separating the categories as done here may be useful for analytical purposes, it loses the organic nature in which initiatives grow over time.

Private sector differences

The private sector's multiple roles and diverse points of entry into peace processes underscore that it is not a homogeneous actor. The following distinctions need to be considered so as to predict which fractions of domestic private sectors are more likely to become involved in peace processes:

- **Sectoral differences.** Sectors of the economy most harshly hit by conflict (or more likely to gain from peace) are also more likely to lead private sector involvement in peace processes.
- **Regional differences.** Businesses centred in or close to the capital are most active in getting mobilised, or in mobilising fellow companies. These businesses are often not at the centre of conflict until shortly before they take the decision to participate and are typically the ones with the greatest leverage over political actors.
- **Size.** The main source of peace activism at Track 1 level are big businesses. On the one hand, they are likely to be targeted by efforts at extortion, providing them with motive. In addition, they can more easily dedicate resources to support peace-related activities. Also, as significant players in national economies, they are more likely to have established contacts with governments and other influential actors, as well as an interest in international markets, increasing their access and leverage over negotiation processes.

The need for a critical mass

To maximise impact, private sector participation in peace talks needs to reach scale and critical mass, and to move beyond the impact of any single corporation or individual. However, the cases discussed here also show that it is true that not everybody needs to be on board. The challenge is therefore how to convene crucial businesspeople around the table in order to tap their potential for convincing a broader group of business actors to join the effort or, at least, to not spoil it.

What about impact?

There is no clear answer in terms of what form of private sector participation has the greatest impact on holding talks or on shaping the agenda. The cases included in this book show that the private sector has explored quite diverse forms of participation, combining strategies at different moments in time. In so doing it has sometimes derived authority from being directly involved in negotiations, but also from shaping the opinion of stakeholders or facilitating contacts between warring parties. There appears to be no direct relationship between direct involvement and achieving high impact (with the exception of El Salvador), and sometimes direct engagement and public exposure carry costs that diminish the private sector's capacity to influence the results of a peace process. In the end, the particularities of each case need to be examined to establish when the private sector's direct participation has been most effective in reaching negotiated ends to conflict.

Endnotes

1 This chapter was researched and written for International Alert by Dr. Angelika Rettberg, associate professor at the University of the Andes, Colombia.
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5 Jeffry Winters refers to the structural power of capital or the possibility that, whether they intend it or not, capital controllers can expect states and other actors to provide them – or aim to provide them – with a favourable investment climate. See Winters, J. A (1996) *Power in Motion: Capital Mobility and the Indonesian State* (Ithaca, US: Cornell University Press).
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16 See www.imtd.org/initiatives-businesspeacebuilding.htm
17 Useful for this purpose are scholarly findings showing the cost of conflict to private sector activity, such as the destruction of infrastructure, and the interruption of trade flows. See Andertin, C. H. and Carter, J. R. (2001) 'The Impact of War on Trade: An Interrupted Time-Series Study' *Journal of Peace Research* Vol. 38, No. 4.
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