

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

Introduction*

* This document is an extract from *Local Business, Local Peace: the Peacebuilding Potential of the Domestic Private Sector*, published in 2006 by the UK-based peacebuilding NGO International Alert. Full citation should be provided in any referencing.

© International Alert, 2006. All rights reserved. No part of this publication, including electronic materials, may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without full attribution.

Foreword

War remains a fundamental problem of our contemporary world. Armed violence exacts a terrible human, economic and social cost. As societies descend into war, peace can seem ever more elusive. Mistrust, revenge, short-term self-interest, chaos and destruction become the order of the day. Promoting and sustaining peace is a formidable challenge for the 21st century.

The international community has shown that at its best it is capable of rising to this challenge. Though the world is still beset by war, there are fewer wars active today than a decade ago. Strikingly, since the end of the Cold War at the start of the 1990s, the world has achieved more peace agreements than it did in the entire two centuries until that date. But peace is complicated – about half of all peace agreements fail within five years of being signed.

A sustainable peace process is much more than just an agreement – indispensable though the written agreement is. Peace requires long-term commitment by political and military leaderships and the broad population alike. All social groups have a role to play – the media and academics, citizens' organisations for a wide range of interest groups and causes, and the private sector.

It is on the role of the private sector that this path-breaking book focuses. *Local Business, Local Peace* offers crucial new insights into the role that business can play in building peace.

It is often assumed that economic development led by the private sector will alleviate conflict and assure peaceful development. There is evidence for this argument, but there is also evidence that shows how misjudged private sector development can exacerbate the potential for conflict, and that in some places specific businesses have played particularly negative roles. In short, good business can be good for peace, but the mechanisms for achieving this are complicated in practice.

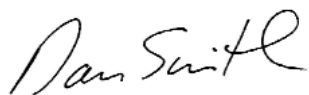
As this book illustrates, the first step for the private sector to be a driving force for peace is to gain an improved understanding of conflict, of its own long-term interest in peace, and of the processes by which conflict can either escalate or be moderated. Properly equipped and motivated, the private sector can set the agenda for peace and establish a favourable environment, even facilitating

contacts between opposed conflict parties. The private sector can command the credibility and broad legitimacy to become engaged in a challenging social and political task at different levels of society. And it can build bridges with other actors working towards the same end.

In the most successful cases, the commitment of local business leaders has been long-lasting, as it needs to be. It can take several years to move things forward to the point where an agreement is reached, and when that landmark is passed the real work of building peace has only just begun.

Sustaining the peace and addressing the root causes of conflict demands a flexible approach that allows for changing activities over time. This publication illustrates this by looking at myriad contributions by different types of private sector actors faced with the challenges of conflict around the world. Mobilising their economic, social and political resources the private sector can make a positive difference in ways that are all too often overlooked. One achievement of this book is to give credit where credit is due.

Local Business, Local Peace should serve as inspiration for new generations of business leaders to take up the challenge of building peace. It shows what can be achieved and by presenting a wide variety of cases it constructs a portfolio of fruitful possibilities on which business leaders can draw in ways that reflect the immediate challenges and local realities of their own circumstances. By doing this, the book will also help development agencies and national governments better understand business and broader economic policy requirements in conflict-affected societies.



Dan Smith

Secretary General
International Alert

Acknowledgments

Local Business, Local Peace came to fruition thanks to the help and insights of a great many individuals and organisations to whom we are deeply grateful.

Firstly, we would like to thank the many businesspeople and other stakeholders around the world who gave time to the research, and whose pioneering involvement in peacebuilding provides a rich source of evidence demonstrating that the domestic private sector can, and should, play an active role in peace promotion.

For their direct and committed involvement in this project, we thank our Expert Advisory Group: Sabine Becker (Gesellschaft für Technische Zusammenarbeit (GTZ), Germany); Matt Bryden (WSP International/International Crisis Group); Malaika Culverwell (Department for International Development (DFID), UK); Glen Fisher (National Business Initiative, South Africa); Alexandra Guaqueta (Fundación Ideas para la Paz, Colombia); Dominic Johnson (Polé Institute, Democratic Republic of Congo); Pat Johnson (WSP International); Padma Jyoti (Jyoti Group, Nepal); Fergus Lyon (Middlesex University, UK); Jerry McCann (WSP International); Mansoob Murshed (Birmingham Business School, UK/ Institute of Social Studies, The Netherlands); Natalia Mirimanova (independent consultant); Sherrilyn Samaco (Philippine Business for Social Progress, Philippines); Azmi Thassim (Business for Peace Alliance, Sri Lanka); K. Pooranachandran (Business for Peace Alliance, Sri Lanka); and Diana Francis for her facilitation support.

We are also grateful to all the authors who contributed written work to *Local Business, Local Peace*, who are listed in full on p.11. Much of the research was carried out under often difficult circumstances, and we greatly appreciate their courage, creativity and insights. Most of the chapters in Section 1 were authored by members of the Peacebuilding Issues Programme at International Alert: Nick Killick (Chapter 2); Canan Gündüz (Chapter 3); Charlotte Watson (Chapter 4); Nicola Johnston-Coeterier and Maria Olson (Chapter 5); and we are especially grateful to Dr. Angelika Rettberg at the University of the Andes, Colombia for authoring Chapter 1.

Thanks are due to our own colleagues at International Alert whose professional expertise has informed this publication in many ways, and who gave us time, advice and support throughout the drafting process: Lindsay Alexander; Gregorio Bettiza; Phil Champain; John Clayton; Ed Garcia; William Godnick; Jerome Hansen; Natalie

Hicks; Diana Klein; Maria Lange; Markus Mayer; Helen Russell; Dan Smith; Salil Tripathi; Charlotte Vaillant; Phil Vernon; Mary Wallenfang and Julia Williams.

Various individuals have offered moral, conceptual and editorial support over the years as this study has evolved, especially Inger Buxton (Swedish International Development Cooperation Agency (SIDA)/ EU Conflict Prevention Unit); John Bray (Control Risks Group); Jim Derleth (US Agency for International Development (USAID)); members of the Economy and Conflict Research Group of the South Caucasus; and staff at both Friends for Peace, Nepal and Fundación Ideas para la Paz, Colombia.

Thanks are especially due to Samir Elhawary at International Alert for his research support in the last stages of this work; Michael Griffin, whose editorial support has been invaluable; and to Sian Rance and Emil Dacanay at D.R.ink once again for their excellent production support and design skills.

Last but not least, Alert would like to thank the *Local Business, Local Peace* project donors, who provided both financial and substantive support to this work from its earliest stages, and without whom the work would not have been possible: UK DFID; the German Federal Ministry for Economic Cooperation and Development (BMZ); GTZ; and USAID. In addition, we thank our core donors who continue to make our work as an organisation possible: the Department of Foreign Affairs Ireland (Irish Aid); the Danish International Development Agency (Danida); UK DFID; the Ministry for Foreign Affairs, Finland; the Ministry of Foreign Affairs, Netherlands; SIDA; and the Swiss Agency for Development and Cooperation (SDC).

About the contributors

Dr. Fatima Adamu is senior lecturer at the Department of Sociology, Usman Dan Fodio University, Sokoto, Nigeria. She specialises in conflict, gender and *Sharia* law in Nigeria.

Jessica Banfield is project manager at International Alert's Peacebuilding Issues Programme, leading research and advocacy related to economy and private sector issues in conflict zones.

Mercedita Bermudez is a communication research graduate from the University of the Philippines. She worked in journalism and community-based development before joining an NGO promoting volunteerism.

Rebecca Besant is regional programme manager for Sierra Leone, Liberia, Guinea, and Cote d'Ivoire at Search for Common Ground, a conflict resolution and prevention NGO seeking to transform conflict into cooperative action.

Dr. Pierre-Antoine Braud is research fellow at the Institute for Security Studies of the European Union, where he specialises in African studies, particularly in the Great Lakes and Sudan, and EU policy towards Africa.

John Bray is director at the Tokyo office of Control Risks Group, an international business risk consultancy. He has expertise in private sector development in conflict-affected regions; anti-corruption strategies for both the public and private sectors; and business and human rights.

Jonathan Cohen is manager of the Caucasus Programme at Conciliation Resources, a peacebuilding NGO. He focuses on civil society capacity-building, media and public awareness work, and dialogue and analysis in the region.

Canan Gündüz is programme officer at International Alert's Peacebuilding Issues Programme, with responsibility for co-coordinating research into the role of local private sector actors in peacebuilding and related donor policy areas.

Amir Dajani was previously manager of Al Mustakbal Foundation for Research and Policy Studies, advocating economic and legal policy change. He has recently joined the USAID team in the Private Sector Enterprise Office (PEO) in Tel Aviv, Israel, managing a variety of private sector support programmes.

Yossi Dayan is an associate with Merrill Lynch's emerging markets team in London, UK, focusing on emerging Europe, the Middle East and South Africa.

Ameet Dhakal is a former Fulbright Scholar in conflict resolution and is currently a news editor of *The Kathmandu Post*, an English-language newspaper published in Kathmandu, Nepal.

Boris Divjak is an economist and research consultant with expertise in enabling environments for business and local economic development in Bosnia and Herzegovina. He has also been affiliated with Transparency International since late 2000 as a founder and chairperson of the board of directors of TI Bosnia and Herzegovina.

Theuns Eloff is vice-chancellor of North-West University, South Africa. He previously headed the National Business Initiative and the administration of South Africa's national constitutional negotiations.

Dr. Martina Fischer is deputy director at the Berghof Research Centre for Constructive Conflict Management and Senior Researcher and co-editor of the *Berghof Handbook for Conflict Transformation*. Her areas of focus include peacebuilding in South Eastern Europe; European peace and security policy; civil-military relations and training for civilian peacekeeping personnel.

André Fourie is chief executive of the National Business Initiative in South Africa, and was previously the founding managing director of Business Against Crime and deputy executive director of the Consultative Business Movement.

Marianne Geronimo was previously head of the Centre for Corporate Citizenship at the research and development unit of Philippine Business for Social Progress, the country's largest corporate-led social development foundation. She is now at the National University of Singapore's Lee Kuan Yew School of Public Policy.

Dr. Antonio Giustozzi is research officer at the Crisis States Research Centre of the London School of Economics where he works on several aspects of state crisis and recovery in Afghanistan, including warlordism and the security sector.

Willam Godnick is senior policy adviser for Latin America at International Alert, with a professional and research focus on disarmament; small arms control; and the role of business in peacebuilding in Latin America.

Dr. Alexandra Guaqueta is academic director at the *Fundación Ideas para la Paz*, an independent think-tank supported by the business community that examines issues relating to peace and conflict in Colombia.

Scholastique Harushiyakira is programme officer with *Dushirehamwe* women's network in Burundi, with responsibility for capacity building and support to women's socio-economic advancement.

Nicola Johnston-Coetier was previously senior policy advisor with International Alert's Peacebuilding Issues Programme specialised in gender and conflict issues. She now works as an independent consultant.

Nick Killick is programme manager of International Alert's Peacebuilding Issues Programme, working on issues related to the economy and private sector, development, gender, institutions and security.

Diana Klein is senior programme officer with the Eurasia programme at International Alert, focusing on promoting regional economic cooperation in the South Caucasus, as a means for bridging the divide between war-torn societies.

Dr. Edward J. Laurance is professor of International Policy Studies at the Monterey Institute of International Studies and director of the Programme on Security and Development. His research focuses on security and development, international regimes for small arms control and disarmament.

Gina Lende is centre manager for the International Peace Research Institute Oslo's Cyprus Centre. The Cyprus Centre focuses on research and dialogue that contributes to an informed public debate on core issues concerning the Cypriot conflict.

Dr. Fergus Lyon is reader at the Centre for Enterprise and Economic Development Research, Middlesex University. His areas of focus include enterprise behaviour; access to markets in developing countries; and the institutions that shape how the poor are involved in markets.

Dr. Markus Mayer is country director at International Alert's Sri Lanka office, and co-founder of the Social Policy Analysis and Research Centre of the University of Colombo, Sri Lanka.

Dr. Natalia Mirimanova is an independent conflict transformation researcher and practitioner, with extensive work experience throughout the Balkans, Central Asia, Eastern Europe, Moldova, Russia, South Caucasus and Ukraine.

Ivan Monzon-Muñoz is research coordinator at the Institute for Conflict Transformation and Peacebuilding, Rafael Landívar University in Guatemala. His research focuses on conflict mediation; multi-stakeholder dialogue for peacebuilding; conflict and decentralisation; and civil society responses to the youth gang phenomenon.

Lanre Obafemi is chief research officer at the Department of Democracy and Development Studies, Institute for Peace and Conflict Resolution, Abuja, Nigeria. He specialises in issues of conflict and economic development.

Maria Olson is programme officer at International Alert's Peacebuilding Issues Programme, focusing on gender, peace and security-related work.

Dr. Gina Porter is senior research fellow at the Department of Anthropology, Durham University. She specialises in markets, transport, gender and NGOs in Africa.

Dr. Angelika Rettberg is an associate professor at the Political Science Department, University of the Andes, Colombia and director of its Research Programme on Peacebuilding.

Maleeka Salih is programme coordinator for the United Nations Population Fund in Sri Lanka, and a trainer and researcher on issues relating to the psychosocial wellbeing of people living in Sri Lankan conflict zones.

Sherrilyn Samaco is senior programme officer for Philippine Business for Social Progress, where she manages the overall implementation of the Business and Peace Programme that aims to maximise private sector contribution to achieving long-term peace and development in the Autonomous Region in Muslim Mindanao.

Christiana Solomon is currently executive director of the West Africa Network to Stop the Use of Child Soldiers. She was previously principal research associate with the National Accountability Group, Sierra Leone, and has extensive experience in civil society/NGO capacity-building and participation and post-conflict recovery.

Jhalak Subedi is a political analyst and activist affiliated with *Nepal* magazine. He is also a member of Citizens' Movement for Democracy and Peace and the Nepal South Asia Centre.

Celine Touboul is project director at the Economic Cooperation Foundation in Israel. Her current focus area is on the economic and security issues of cross-border cooperation.

Dr. J. Fernando Valdez is director of the Institute of Political Management at Rafael Landivar University, Guatemala. His research focuses on Guatemala's business elites; financing of peace agreement implementation; and comparative taxation policy.

Charlotte Watson is senior programme officer at International Alert's Peacebuilding Issues Programme, focusing on small arms and light weapons proliferation, Disarmament, Demobilisation and Reintegration and Security Sector Reform.

Aweys Warsame Yusuf is social researcher at the Somali Centre for Research and Dialogue, with a focus on the root causes of conflict in Somalia; the potential role of traditional Somali governance; structures in modern governance and the role of the media in conflict.

Introduction

Since the end of the Cold War, there have been more than 125 violent conflicts around the world, killing up to seven million people.¹ While there is broad agreement that the number of conflicts has been in steady decline since the mid-1990s, those that persist are protracted and continue to exact a terrible toll at national and community levels.² National and regional economies and development prospects are damaged, and civilians suffer death, human rights abuses, loss of livelihood, and displacement – with about 25 million people currently displaced by war around the world.³ What is more, ceasefire and peace agreements that have ended open violence in many conflict contexts are fragile, and there is a real danger that those countries can relapse into war.⁴

Preventing or ending armed conflict, and building peace in its aftermath, pose enormous challenges. These tasks require the combined effort, skills, resources and commitment of a wide range of individuals and organisations, both from within societies affected by conflict, as well as internationally.

Who should read *Local Business, Local Peace*, and why?

The domestic private sector is hugely affected by armed conflict: it experiences decreased investment; damaged infrastructure; direct attack; loss of opportunity, employees, capital and access to markets; as well as costs related to the unpredictability of operating in a conflict environment. Unlike counterpart foreign investors, local businesspeople are often not in a position to respond simply by relocating their investment.

Local Business, Local Peace demonstrates that, because of these costs but also due to other factors, business is often motivated to contribute to peacebuilding. And, it has the resources, skills and capacities to do so, across a range of peacebuilding areas. The study aims to provide local businesses that face armed conflict and want to contribute to peace with ideas, strategies and encouragement drawn from the experience of others facing similar challenges. International Alert hopes that, by collecting in one volume the enormously rich experience of businesses motivated to take steps to address conflict elsewhere, those who read it will find renewed courage and inspiration to influence outcomes in their own societies.

What is local business?

For the purposes of this book, the terms ‘local business’ and ‘domestic private sector’ are used interchangeably and understood as that part of the economy originating from the country in question and not owned by the state. This encompasses individuals as well as entities and organisations engaged in profit-oriented activity: companies and members of staff within companies; individual businesspeople; business associations such as chambers of commerce and other representative bodies; and organisations set up by businesspeople to address issues of concern. *Local Business, Local Peace* explores the activities of this wide range of actors in response to conflict across all levels (including informal), from grassroots, to small and medium-sized enterprises, to large-scale businesses.

The study will also be of interest to others working to address armed conflict, notably individuals from governments and civil society, international and non-governmental organisations. Though all these organisations make valuable inputs to peacebuilding, they often fail to involve the domestic private sector in their planning and approach – a feature that in some cases is symptomatic of a broader series of misconceptions about the links between a country’s economy and conflict. *Local Business, Local Peace* provides a body of lessons on how the strengths and resources of business might be more effectively brought into various types of future initiative. For national and international actors seeking to strengthen the private sector’s contribution to development and economic growth, the following pages are intended to act as a stimulus for thinking about new ways of working with local businesses in conflict-affected societies – putting their complex social relationship to the local context first.

Current thinking on the domestic private sector in conflict zones

Two principal currents of international thinking and policy making about the private sector in conflict zones currently inform development policy and assistance, conflict resolution and post-conflict reconstruction efforts. The first, which emerged as a consensus within the development community after the end of the Cold War, asserts the primacy of free market economics and private sector-led growth as a route to economic development, including in countries recovering from war. This paradigm is widespread and has been articulated in a large number of contemporary policy notes and papers produced by development agencies.⁵ In the words of the UK Department for International Development: “Private businesses are at the heart of economic success. Private investment and the increases in productivity it generates, drives sustainable growth.”⁶ An emphasis on

a critical role for both foreign and domestic private sector investment as the engine of development and poverty reduction is widely promoted to developing country governments through an array of policy instruments and macro and micro-level interventions.⁷ In conflict zones, a virtuous circle of economic growth leading to poverty reduction which in turn will contribute to peace is assumed, with the private sector as a critical driver.⁸

The second current of international thinking about the private sector in conflict zones qualifies this trust in the positive impact of private enterprise and economic activity through focusing on ‘war economies’. A significant body of research has been assembled in the past decade that emphasises the relationship that profit-seeking business activities have to the perpetuation of violence in many conflicts raging around the world today.⁹ There are differences of opinion within this body of work, but the broad focus has been on the motivation and behaviour of both state and non-state armed groups in profiting from war, and the internationalised patterns of trade and accumulation that have replaced Cold War patronage as a source of revenue for sustaining war financially – with particular emphasis on natural resource extraction as a specific feature linking these.¹⁰ Increased evidence that certain types of business activity play a powerful role in determining the duration, intensity and character of civil conflict has led to efforts to find responses that seek to limit these destructive dynamics in some conflicts. Taken together, research and response to war economies represent a critical new area of peacebuilding.

While it would be a misleading simplification of a rich literature to pit these two trends against each other, each places a different emphasis on the positive and negative role business can play in conflict. Taking these analytical and policy trends as its context, *Local Business, Local Peace* seeks to illuminate how, given the problems associated with some business activities in war zones, and the fact that sections of it are often tightly bound up in the wider political economy and system of governance, the private sector can be enlisted as an actor in the interests of peace and security. By exploring this question, the study addresses an under-researched dimension of peacebuilding and seeks to mobilise further peacebuilding awareness among business communities the world over. It also provides a foundation from which to close the gap in policy understanding created between the two discourses described above. In this last regard, the study is a first step in a longer-term International Alert project that aims to encourage greater alignment and more integrated approaches between policy actors concerned with peace and security, and those concerned with economic growth in conflict-prone societies.¹¹

Overview of the project and research

Local Business, Local Peace forms part of International Alert's programme of work to promote a constructive role for business in conflict zones and improve understanding of the economic requirements of peacebuilding.¹² It reflects our core message as an organisation with regard to the strategic, cross-sectoral and multi-actor approach that is required to assist recovery from war.¹³ Alert has experience of supporting different types of business actors in addressing conflict issues, including those related to the economy in Burundi, Colombia, Nepal, the Philippines, the South Caucasus and Sri Lanka. Its practical work has ranged from action research consultations with local private sector representatives in exploring conflict issues and concerns, to efforts to set up a business network across the South Caucasus, including participation from both recognised states and unrecognised entities. Alert's comprehensive programme of activities in Sri Lanka includes accompanying a delegation of business leaders on a trip to meet with South African counterparts; encouraging Tamil diaspora businesspeople to explore joint venture options in the north and east of Sri Lanka; and facilitating an island-wide network of chambers of commerce that has coalesced into a new organisation, the Business for Peace Alliance.

In order to support and learn from these experiences, *Local Business, Local Peace* was conceptualised to fill a gap in understanding of the potential peacebuilding dimension of businesses' role in conflict. Its approach has been first to harvest and then analyse a wide range of initiatives derived from Alert's experience, and beyond, in order to reflect on lessons learned and promote further action.

Research process

The scope of the research has been ambitious. *Local Business, Local Peace* represents the first large-scale attempt to gather in peacebuilding efforts undertaken by the domestic private sector from around the world, and represents a major step forward in this area.¹⁴

Having trawled available literature, internet sources and anecdotal information, the project convened an Expert Advisory Group (EAG) that met twice, together with many of the study's contributors, to work through definitional challenges and develop a common Terms of Reference for the work. Challenges inherent to the study included: which conflicts to examine and over what timeframe; the meaning of 'private sector' and whether it is possible to talk about it at a general level, given regional variations; how the research could cover the entire spectrum of conflict-exacerbating to conflict-reducing activities by business; how far it could go towards evaluating impact; how different motivations could be understood; how lessons could be drawn, given the limitations of the research; how the material could be

organised for publication; and so on. While *Local Business, Local Peace* does not resolve all these questions; it does identify the gaps on which future efforts can build, thanks to the input of its EAG members.

Boundaries of the research

Local Business, Local Peace does not, and cannot, provide definitive answers on what type of domestic private sector actor plays what kind of role in what kind of conflict economy, and what impact it has had, but it points to some interesting lessons.

With regard to the overall *impact* of initiatives on particular conflict trajectories, while the authors offer some reflections, most have still to be tested through a strict impact-evaluation lens. As in mainstream development and peacebuilding projects, even initiatives that deliberately seek to address conflict issues in the interests of peace may have negative impacts in either the short or long term.¹⁵ A comparable argument has been made that some pockets of economic activity that apparently sustain conflict could be seen to have beneficial effects from a historical perspective, despite a short-term aggravation of the violence.¹⁶ The difficulty of assessing the impact of the different business initiatives described in *Local Business, Local Peace* on overall levels of peace and security in different societies reflects the broader challenges that peacebuilding practitioners face working across a range of interventions, and point to the need for further research.¹⁷

The project did not have the resources to adopt a rigorously uniform approach to each case, and the quality of the research relies instead on the work of individual authors reading, reflecting and discussing with relevant, in-country stakeholders. In asking authors to identify initiatives and analyse how they related to the particular conflict context in which they were writing, the response was inevitably uneven in view of different authors' particular areas of expertise and their individual perspectives on the conflict. Alert does not subscribe to any single view of the conflicts discussed in this study, but rather draws on the material as a resource from which to catalyse further understanding and action.

Inevitably, events have continued to unfold beyond the research deadline in the various conflict settings reviewed. Elections in Israel and Palestine; and a recent increase in violence in Sri Lanka have markedly changed the political landscape in ways that will affect the initiatives described. The Nepalese king's climb-down after weeks of popular protest and the anticipated formation of a Constituent Assembly pose unknown challenges to all civil society initiatives for peace in Nepal, including those involving the private sector. At a less dramatic but nonetheless pertinent level for the initiatives described, the authorities have closed Sadakhlo market, near the Armenian border in Georgia where previously traders from opposing sides in the

conflicts between Armenia, Azerbaijan and Georgia had enjoyed a shared economic space. However, despite these and many other events, the analysis provides important background to understanding why business may have decided to become active at specific moments in time.

Lastly, the research could not capture all responses to conflict by the business community in any one country, especially when it comes to the sphere of informal business activity where information can be harder to access (though some interesting initiatives at the grassroots are included). The wealth of information that was found in a limited period of time with limited resources suggests that this topic could become a rich area of future research.

Organisation of *Local Business, Local Peace*

The book is organised in two parts. As a body of research, the case-study material points to various common clusters or types of response and initiative, and Section 1 consists of thematic chapters that explore each of these selecting from and highlighting case studies in Section 2. The thematic chapters are organised based on an understanding of peacebuilding as a process involving a range of interventions in different social spheres (political, economic, reconciliation, security). The typology of responses and summary findings are discussed in more detail below.

Section 2 comprises the case-study material on which the chapters for the most part base their arguments: nine country or regional reports (Afghanistan, Bosnia, Colombia, Guatemala, Israel/Palestine, Nepal, Somalia, Sri Lanka and the South Caucasus) and 21 shorter case studies of differing length (including material on Afghanistan, Bosnia and Israel/Palestine, as well as initiatives in Burundi, Cyprus, Democratic Republic of Congo, El Salvador, Kosovo, Nigeria, Northern Ireland, Philippines, Sierra Leone, South Africa and Turkey/Armenia). The material in Section 2 is organised alphabetically by country and was commissioned for the most part to in-country organisations and individuals (see p.11 for a list of contributors and their organisational backgrounds), as well as drawing on previous Alert work and other secondary material in some cases.

Findings of the study

Local business responses to conflict – mapping a spectrum

Peacebuilding interventions by any actor, be they local or international, need to be informed by a good understanding of the intervening agencies' own relationships to the conflict context and issues underlying it. Unless such an understanding exists, any

efforts to contribute to peace will at best be partial, and at worst do more harm than good. To understand the potential of the domestic private sector to contribute to peace, the full range of its potential links to conflict and peace need to be appreciated. In seeking to understand and distinguish between the different protagonists involved in war economies, researchers have made various attempts at classifying the types of economic activity that play a role. The focus of most of these inquiries has been on activities that directly enable, or closely proximate to, the prosecution of violence.¹⁸ Such classifications have clarified the terrain, and enabled more precise analysis of war economies and appropriate responses to evolve.¹⁹

Others have deepened understanding to capture wider patterns of economic activity, which may be further removed from conflict agendas. One useful approach distinguishes between ‘combat’, ‘shadow’ and ‘coping’ economies.²⁰ Combat economies entail the capture of control over economic activity to sustain conflict, or strategies of war aimed at weakening specific groups economically. Shadow economies include activities that see entrepreneurs take advantage of the regulatory vacuum created by a situation of conflict to reap profits. Chief motivations may be economic, rather than military, but shadow economies may all the same sustain conflict. Coping economies are the survival mechanisms to which population groups resort in order to maintain a basic living during conflict. A variation on this typology uses the terms ‘conflict entrepreneurs’, ‘opportunists’ and ‘dependents’.²¹ Conflict entrepreneurs are predatory elites who directly use or influence military approaches to maximise personal profit, and who may have a range of political or economic motives. Conflict opportunists do not seek to influence military outcomes, but profit from the possibilities that emerge with the violence. Conflict dependents, according to this typology, are those at the lowest level whose survival strategies become bound up in violence. Internally displaced populations, artisanal miners and those who work for warlords are all included in this category. The categories are likely to overlap and enforce each other in any war economy.

This study finds that such typologies can be modified and extended in order to correspond to the experiences that the broader domestic private sector is shown to have had during conflict as reflected in the material collected in Section 2.

Firstly, the war economies literature does not focus on the structural links between business as a social class, and the root causes of violence. The tight mesh between some sectors of the private sector and political elites or systems of governance are critical to understanding the relationship between economy and conflict, and emerge in many of the conflict situations analysed in this study.

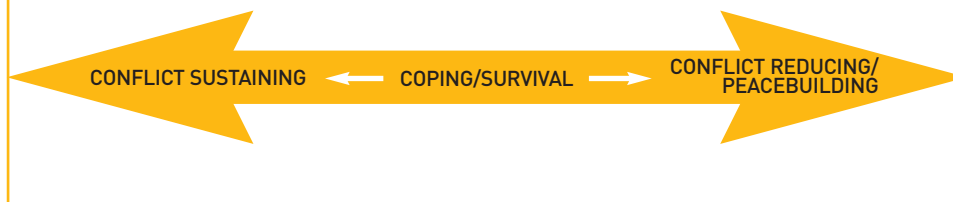
The concept of ‘coping’, meanwhile, is also useful for describing a common business response to the onset of violence. The majority of entrepreneurs at some stage simply try to adapt their economic activity to survive the new

conditions created by conflict. Yet, many of these actors exist at a higher threshold from that presumed in the definition summarised above, which focuses on basic livelihoods.

Finally, and most importantly, the existing literature does not envisage, or attempt to describe, a potentially positive or conflict-reducing role for economic actors. Yet the cases discussed in *Local Business, Local Peace* show that activities that could be categorised as ‘opportunist’ (or ‘shadow’) can have both conflict-sustaining *and* conflict-reducing implications. Section 2 also demonstrates that the activities of domestic entrepreneurs can deliberately seek to reduce violence. This suggests a new term – ‘peace entrepreneurs’ – that can validly be used to describe business actors motivated to take actions that promote peace.

Figure 1 sets out a spectrum of domestic private sector responses to violent conflict that learns from and adapts earlier efforts emanating from the study of war economies, illustrating that business has a role to play in reducing violence and promoting peace.

Figure 1 – Spectrum of local business response to conflict



Given the aims and scope of this project, and the guidance developed for its contributors, the case studies included in Section 2 have a deliberate focus on peace entrepreneurship, or the right-hand of the spectrum. However, some authors sought to capture business/conflict and business/peace links along the spectrum. As a result, most of the longer studies also include material that confirms more negative or opportunist behaviour and that can be placed along the rest of the spectrum of responses depicted in Figure 1.

Understanding business responses to conflict to lie on such a spectrum offers a simplified model of what in reality is a web of complex interactions between actors, activities, opportunities and motivations. Determining which activities affect conflict dynamics for better or worse raises again the thorny problem of

evaluating impact. Nonetheless, Figure 1 serves well as a framework to illustrate the different types of responses that business employs.

Another layer of complexity derives from the question of intent: how conscious or aware are individual businesses – or business as a social class – of the consequences of their actions? The question of whether a business knowingly contributes to the perpetuation of violence through its strategies is clearly closely connected to the degree of responsibility it should bear for its actions. The controversies that often arise when foreign investors are in proximity to armed conflict have generated increased assertion of the principle, ‘known or should have known’, in determining whether a company or corporation has been complicit in violations of human rights, a charge that is gaining ground in international law.²² In some cases, the same kind of logic may apply locally; in others, it will be irrelevant. Whatever the degree of responsibility and accountability, the trust that different actors have earned locally and across society emerges as an important factor in assessing the ability of the domestic private sector to play a role in advocating for peace or addressing conflict issues.

At the same time, it is apparent from the case-study material in Section 2 that domestic business actors employ a mix of strategies in dealing with the challenges of operating in the midst of conflict – for example, by paying extortion money while at the same time seeking to address conflict issues through their business practices. In the words of one interviewee cited in the Colombia country report: “Often, business worships God and the devil at the same time.” Private sector responses may evolve over time, as illustrated by several of the case studies, as businesses respond to the changing dynamics, circumstances and opportunities.

Given these complexities and the paramount importance of local context in sifting through them, *Local Business, Local Peace* seeks to avoid playing the role of normative judge. Instead, it focuses on distinguishing the range of relationships between business activity and conflict that have occurred in over 20 conflict settings, with a particular emphasis on flushing out evidence at the right-hand of the spectrum depicted in Figure 1, which has been chronically under-researched.

The research reveals lessons on types of business contributions to various dimensions of peacebuilding. It also sheds light on the question of enabling factors and motivation: what makes it possible for business to place itself to the right of the spectrum through its adoption of peacebuilding strategies? Or, in other words what drives peace entrepreneurship? Further reflection on these points forms the substance of the chapters in Section 1, with overall lessons drawn together especially in Chapter 6.

As outlined above, in order to catalyse positive contributions to peacebuilding from any actor, it is first necessary to fully understand the way they are positioned in a complex conflict context. The following section summarises the types of business

behaviour highlighted by this study that appears to sit along the left and centre of the spectrum, before introducing in greater detail the primary material. This is intended to help the reader reflect further throughout the rest of this book on the complex relationship business has to peace and conflict.

Sustaining conflict and root causes

The potential for business to play a conflict-sustaining role is indicated at the far left of the spectrum in Figure 1. The debate on war economies clusters here, focusing in particular on aspects of the nexus between business and armed conflict. Section 2 confirms the salience of this nexus as a driver of conflict, pointing, for example, to the symbiotic relationship after 1992 between a new generation of entrepreneurs in Afghanistan and armed militia groups. This relationship intensified after the fall of the Taliban regime and the Pentagon's withdrawal of support to opposing groups: "Warlords and factional leaders quickly came to rely on trusted businessmen to manage their investments," writes the study's author. These groups competed fiercely for power and control of the country's lucrative opium trade. The role of the cocaine trade in sustaining armed competition in Colombia, as well as businesses' and landlords' direct support to the paramilitaries, indicate a similar pattern. Smuggling and the trade in arms through informal markets in Bosnia, Somalia and the South Caucasus – with Somalia being the primary route for weapons and other contraband to the Horn of Africa – are important sources of revenue for armed groups and criminal gangs profiting from, and contributing to, the prevalent insecurity. In the Democratic Republic of Congo, where the links between armed activity and natural-resource exploitation are well documented, the country report in Section 2 describes how local entrepreneurs in Goma maintained close ties with rebel forces, occasionally encouraging armed operations against rival operators in Butembo.

A second aspect of some businesses' relationship to conflict at the left of the spectrum emerges from the research. This relates not so much to the types of trade businesses engage in or their closeness to armed groups, but to the private sector's structural, socio-economic and political dominance in a particular society. In Colombia, deep socio-economic grievances and the historical gap between rich and poor are driving forces of the conflict. Hostile business policies toward trade unions and freedom of association; active lobbying in Congress for private sector-friendly policies that exacerbate social divides, and, in the words of the report author, 'tacit endorsement of a restrictive class system' can all be seen as conflict-exacerbating. Similar forces in Guatemala, where socio-economic marginalisation was also a critical factor in the conflict, saw the private sector align itself during the 1980s with state-sanctioned violence, push for business interests during the peace process and continue a hard-line relationship with labour up to the present. In Nepal, uneven development and social exclusion found articulation in the Maoist 'People's War',

which has targeted business as a ‘class enemy’. Structural inequalities across Sri Lanka have historically been reflected in the employment practices of southern businesses, who are perceived by businesses elsewhere in the country to enjoy political privileges and access. In both Bosnia and the South Caucasus, close links between business and ethnic elites saw business linked structurally to the earlier conflict or the existing conflict *status quo*.

Sections of the private sector are thus often tightly bound up with elites and exclusive systems of governance whose existence often lies at the heart of conflict. Interestingly, from the analyses of Colombia, Guatemala, Nepal and Sri Lanka it emerges that some members of the business communities are beginning to acknowledge these links, and the impact that their own practices can have on root causes of conflict.

Coping with conflict

The centre of the spectrum depicted in Figure 1 refers to how business pursues its *raison d’être*, and adapts to the conditions and challenges posed by operating in the midst of conflict in ways that increase chances of survival. According to the case studies, such strategies invariably impact the context for better or worse, whether intentionally or not.

Corruption, extortion and illegal taxation are features of the business/conflict nexus that sit in the ambiguous area in the centre of the spectrum. According to one report: “There is no local consensus on whether businesses that do pay are victims, war profiteers or supporters of illegal armed groups.” Wherever culpability lies, the payment of bribes or extortion money to armed groups – whether under duress or freely to secure protection – is a coping strategy that has immediate conflict-exacerbating effects. In Afghanistan, warlord revenue was generated through more conventional payment of bribes to avoid burdensome customs points and other obstacles to trade. In addition to the payment of extortion to armed groups, the Colombian private sector has more recently supported President Uribe’s ‘total war’ policy by submitting to increased taxation – a legal and legally required counterpart transaction that nevertheless cements businesses’ links to the financing of a conflict actor – a trend manifest in a range of countries where the business class is closely aligned with state interests. The levying of ‘tax’ on businesses by the LTTE in the north of Sri Lanka is another example, while in Nepal business has increasingly paid extortion since 2001 when the Maoists stepped up their campaign of bombing. While businesspeople interviewed for the Nepal research were reluctant to disclose the exact amounts paid, anecdotes indicate that the level is high, with a range of factors, including ethnicity, taken into account by Maoists in their demands.

Coping or survival responses also entail businesspeople leaving the country – what the South Caucasus report describes as ‘escapism’ – and this response was particularly apparent among the conventional business class in Afghanistan and Tamil areas of Sri Lanka. The impact that the large-scale departure of businesspeople has on conflict dynamics varies from situation to situation: diaspora business communities may represent a source of revenue for armed groups or a potential source of investment in post-conflict recovery – or both, as in Sri Lanka, Somalia and, to a lesser extent, Afghanistan.

Conflict opportunism, or pro-active embrace of the new opportunities that present themselves during the lawlessness of conflict or in its aftermath when traditional monopolies and business elites are destroyed, represents another survival response that will have either exacerbating or reducing effects. In Sierra Leone, the war directly impacted the livelihoods of market women, as prices for rice and other foodstuffs shot up. Under UN sanctions, prices for petrol went up fivefold; commercial vehicles charged passengers exorbitant fares; while those who could not afford to pay were forced to trek long distances. Some market women took advantage of the vacuum to engage in cross-border smuggling from Guinea of rice, onions, tomatoes and petroleum, collaborating with police and customs officials in both countries to pursue their business. Market women also engaged in trade with the rebels. Foodstuffs and petrol were smuggled on trailers or trucks from ‘safe’ stores in Freetown to rebel-held areas in the provinces and sold to rebel commanders. They paid either in cash or kind, including jewellery, gold or diamonds. Back in Freetown, market women either sold their diamonds to Lebanese dealers or smuggled them across the border to Guinea, enabling them to buy more foodstuffs. Trading with rebels involved high personal risk, and many women were killed by the rebels with whom they transacted.

In Israel/Palestine, Israeli export companies and Palestinian fruit and vegetable growers have adapted to the tight border controls and access problems in order to continue to transport Palestinian produce to international markets. While their joint coping strategy has beneficial effects in terms of business-to-business relationships across the conflict divides, the report’s analysis shows how it reinforces the conflict *status quo*, bringing profit to the Israeli partner while deterring the emergence of an independent, Palestinian distribution channel.

In the South Caucasus, however, ‘shadow economy’ trade across the conflict divides has created bridges and pockets of mutual understanding and shared interest – between ethnic Georgians and Abkhaz in Gal/i district; Georgians and South Ossetians at Ergneti market; and Armenians and Azeris at Sadakhlo market – that offer real peacebuilding potential to the region. On the other hand, the type of conflict opportunism that infused ‘crony capitalism’ in the

South Caucasus and Bosnia led to the seizure of state assets by elites with ethnic or political ties to government. These new monopolies have shut off growth and development opportunities for a broader section of society, exacerbated corruption and, in the South Caucasus, consolidated the conflict *status quo*. In both cases, the authors highlight the more constructive role played by small business, compared to larger actors affiliated to the conflict.

Meanwhile, Somali entrepreneurs who have an evolving relationship with warlords and often employ former militia as private security (thus taking them out of conflict-related activities) have drawn on cultural networks to take the place of the non-existent state in providing services and infrastructure. This opportunism may have its limits in the long run, however the author concludes: “In many ways, business is one of the few sources of stability in Somalia.”

Business contributing to peacebuilding

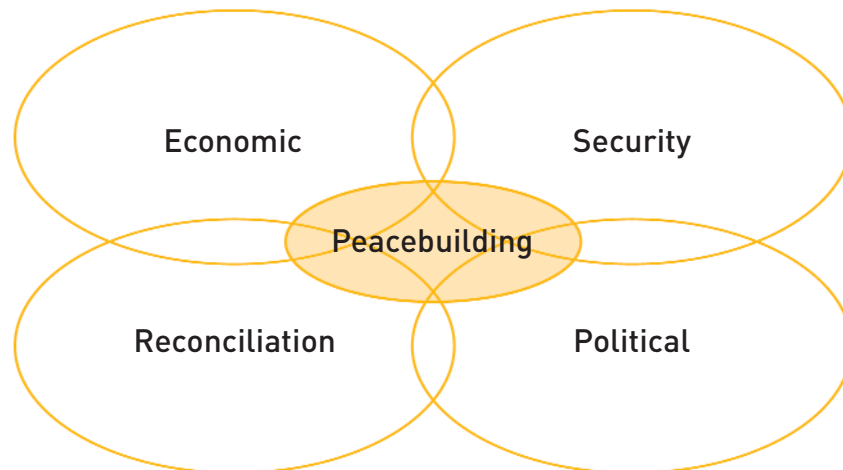
Peacebuilding – what is it?²³

Efforts to promote peace are necessarily complex, mirroring the complexities of conflict itself. The causes of conflict are many, multi-dimensional and changing over time, including interacting social, cultural, political, security, economic, geographic and ideological factors; and involving a variety of actors, perceptions and agendas. “Peacebuilding attempts to encourage the development of the structural conditions, attitudes and modes of political behaviour that may permit peaceful, stable and ultimately prosperous social and economic development. Peacebuilding activities are designed to contribute to ending or avoiding armed conflict, and may be carried out during armed conflict, in its wake, or as an attempt to prevent an anticipated armed conflict from starting.”²⁴

While the specificity of different conflict contexts requires specific sets of conditions to aid conflict recovery and peacebuilding, the formidable range of issues across conflict settings can be organised into four categories, already indicated above: political; economic; reconciliation; and security.

Issues of concern within these categories – and activities to address them – inevitably overlap and are interdependent. Without basic security, for example, businesses are unlikely to return to longer-term investments to generate economic growth. Conversely, without a healthy business sector it will be a challenge to find sustainable employment for the many combatants that need to return to a civilian life once a conflict has ended. Figure 2 depicts these overlapping spheres.

Figure 2 - Dimensions of peacebuilding



Source: Adapted from Smith, D. (2004) *Towards a Strategic Framework for Peacebuilding: Getting their Act Together* (Oslo, Norway: Royal Norwegian Ministry of Foreign Affairs).

Clearly, no single actor or institution is able to address change at all these levels. A wide variety of actors need to be involved, locally and internationally, and with various complementary roles and mandates.

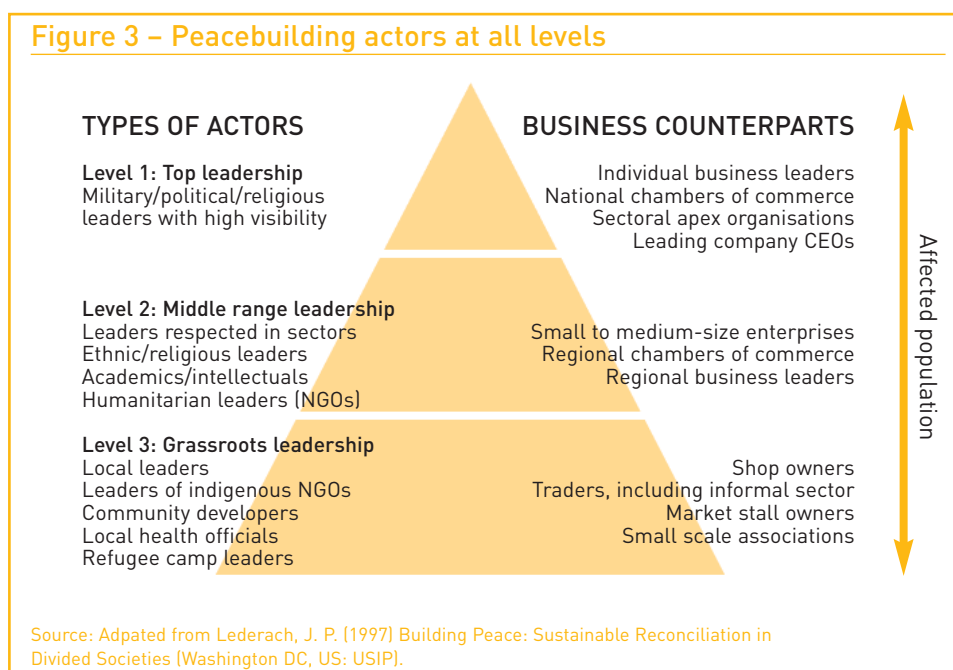
The primacy of local actors

The engagement and commitment of armed actors to making peace is essential to any peace process (as discussed in Chapter 1). High-level political processes are not of themselves sufficient guarantors of lasting peace, however. Civil society across different levels and sectors of society (spanning grassroots to mid-level leaders and high-profile individuals, as well as different kinds of mutual organisations, such as women's groups, youth groups, unions or religious-based organisations) plays a vital role in promoting and sustaining peace processes, reconciliation and recovery from the wounds of war. All the conflict countries included in Section 2 have experienced ongoing efforts and activities led by civil society actors, including: the organisation of one-off peace rallies; pressurising political parties and other actors; providing assistance to victims of conflict; mediating and helping to bring conflict sides together; strengthening ties between communities estranged by violence; and providing research on conflict issues. It is their courageous and creative actions that often generate the decisive momentum and broad-based support for peace, without which high-level peace processes would lack popular and broad legitimacy.

Theorists and practitioners of conflict transformation and peacebuilding have conceptualised the different local actors and levels of activity as a triangle, each level

of which requires the work of particular individuals and organisations, as well as different kinds of approaches to peacebuilding. The kinds of business – individuals as well as organisations – featuring in this book are added to the diagramme to highlight its significance at all levels of society.

Local business straddles all levels and through existing networks and associations can be highly effective in terms of horizontal and vertical linkages with other businesspeople and sectors, often playing a leadership role at each level. Given its resources, connections and opportunities, and the evidence in *Local Business, Local Peace*, the potential contribution of business must be recognised and included in peacebuilding practice.



Coordination between local and international actors

Bilateral relations between governments are often used to exert pressure on a government in conflict to work towards peace, and bilateral envoys or ‘groups of friends’ are employed to lobby both sides to come to the negotiating table. The international community through UN agencies also has an important role: the UNDP works in crisis-affected countries to address peace and conflict issues, for instance through Disarmament, Demobilisation and Reintegration (DDR) programmes for ex-combatants; the UN High Commission for Refugees provides shelter and protection for those displaced by conflict; international

financial institutions, such as the World Bank, have developed responses and instruments for countries affected by, or emerging from conflict, including specific funding mechanisms and coordinating functions among other donors. All these actors, as well as other national and regional organisations and institutions, have different interests, mandates and ways of working. Coordination between them and the encouragement of partnerships are great challenges, but essential for successful peacebuilding.

However, while external actors, such as foreign governments, inter-governmental organisations and NGOs, can play an important role in facilitating and assisting conflict-transformation processes more broadly, there is virtually unanimous agreement that the primary burden in building local peace lies with local actors. In fact, a strategic approach to peacebuilding promotes the primacy of local actors, requiring the cooperation and complementarity of different sectors of society across political, social and economic divides; as well as looking beyond national boundaries to ensure that external actors' interventions help rather than hinder local efforts.

Summary of types of peace entrepreneurship

Building on an understanding of the different dimensions and actors engaged in peacebuilding as outlined above, Section 1 of *Local Business, Local Peace* comprises thematic chapters presenting and analysing different ways in which local business actors have contributed, drawing on the case-study material included in Section 2. Given the crucial role that women can play in peacebuilding, a separate chapter is dedicated to the role of women entrepreneurs.

With regard to formal, political-level peace processes ('Track 1'), the cases reveal that businesspeople in a range of conflict contexts have played an important, supportive role: as 'insiders', for instance as part of a negotiation team; or as 'outsiders', helping to build trust between parties, mobilising popular opinion, providing advice and know-how, lobbying for peace and providing necessary functions, such as administrative and logistics support. At the top-end of the business spectrum, business leaders, motivated by concerns over the economic costs of conflict to the country and their own business opportunities, as well as other drivers, have brought essential resources and skills to bear, and harnessed their close connections with political decision makers in support of peace negotiations in Colombia, El Salvador, Mozambique, South Africa, Sri Lanka and elsewhere. Their resources and skills are also critical inputs to the implementation of agreements, including meeting expectations of a 'peace dividend'. However, by virtue of 'the power of capital', the private sector is also

in a position to veto peace processes by withholding crucial resources, for instance financial assistance to agreement implementation as occurred in Guatemala. Its active engagement by government and international actors is therefore an important part of any peace strategy.

Much is assumed about the economic contribution the domestic private sector can make to peacebuilding, based on a development discourse that emphasises a critical role for business in creating growth. However, this dynamic needs to be problematised, given that the private sector is often instrumental in elites' maintaining their power through corruption, patronage and clientelism, and the otherwise complex relationship it can have to conflict. Business, often unwittingly, becomes the agent of a system that has been established to benefit the few rather than the many, profiting over generations as others continue in deprivation. Issues of socio-economic exclusion lie at the root of many conflicts. Limits to particular social groups' access to resources, jobs and other opportunities can breed resentment, distort development and lead to violence. Conflict has economic causes, drivers and impacts, and the case material shows how more thoughtful businesses can take creative steps to address challenges in each of these areas. Initiatives include activities in the workplace, through wider community relations, lobbying, as well as joint economic initiatives across conflict divides. Through such interventions, business begins to fulfil its potential to contribute to the economic dimensions of peacebuilding.

Relationships between communities divided by violent conflict are usually damaged and extremely precarious, with high levels of mistrust and anger over past atrocities. The case-study material shows that, as leaders in society, domestic business can do a lot to reconnect broken ties across the conflict divide. This can take the form of engagement in dialogue processes designed to bring individuals from both sides together (in Burundi, Cyprus, South Caucasus and Sri Lanka) or the organisation of, and participation in, joint economic activities across conflict divides (Kosovo, Israel/Palestine and South Caucasus). Dialogue initiatives can generate a sense of common purpose among entrepreneurs enabling them to see the conflict in new ways, and influence their home constituencies accordingly. Doing business may be one of the few remaining points of contact between two sides in a conflict – and one of the first to resume in its aftermath. In many instances, such points of contact serve both to make profits, and to demonstrate that peaceful interaction for mutual benefit is both possible and desirable.

Local businesses also contribute to meeting some of the main security challenges in conflict and post-conflict contexts by: seeking to provide jobs for former combatants, either as part of a national-level DDR programme (as in Afghanistan and Colombia) or on a more *ad hoc* basis (Democratic Republic of Congo and Somalia); providing

finance and logistics for small arms and light weapons collection programmes (El Salvador); strengthening official security structures (South Africa and Uganda); addressing crime and operating as an early-warning source of information on conflict recurrence and community-level security breakdown (the Democratic Republic of Congo, Nigeria and South Caucasus). In the absence of a reliable security setting or functioning state forces, businesses are often motivated to provide their own security, either by hiring private security companies or through the use of vigilante groups. While this can have positive benefits by providing non-military employment to former combatants, it can also signify further erosion of an inclusive and accountable state security apparatus, and needs to be considered carefully by businesses seeking to contribute to longer-term stability.

Mainstream development discourse now includes a focus on strengthening women's roles as economic actors, especially at the grassroots level through micro-finance. Similarly, there is widespread recognition of the roles that women have played in promoting peace and mediation at different levels of society. Businesswomen are positioned at the intersection between these two capacities for intervention, and the cases confirm that they have taken a lead in several important initiatives, especially addressing gender issues in conflict (Burundi, Nepal, Sierra Leone and South Caucasus). These include a network of women working across the Hutu/Tutsi divide in Burundi to regenerate livelihoods at the grassroots, and a women's entrepreneurial organisation in South Caucasus that promotes reconciliation through joint economic activity between Georgian and Abkhaz small businesses.

As the subsequent pages testify *Local Business, Local Peace* is a rich source of ideas and experience, which Alert hopes readers will find sufficiently stimulating to catalyse their deeper engagement in working for sustainable peace.

Endnotes

- 1 Smith, D. (2003) *The Atlas of War and Peace* (Brighton, UK: Earthscan).
- 2 Human Security Centre (2006) *Human Security Report 2005* (Oxford, UK: Oxford University Press).
- 3 Human Development Report (2005) *International Cooperation at a Crossroads: Aid, Trade and Security in an Unequal World* (New York, US: UNDP); Collier, P. (ed.) (2003) 'Breaking the Conflict Trap: Civil War and Development Policy' *World Bank Policy Research Report* No. 26121 (Washington DC, US: World Bank).
- 4 Collier, P. (ed) op. cit.
- 5 See CIDA (2004) *Sustainable Development Strategy 2004-06: Enabling Change* (Ottawa, Canada: CIDA); Norad (2004) *Peacebuilding - A Development Perspective* (Oslo, Norway: Norad); Commission on Private Sector and Development (2004) *Unleashing Entrepreneurship: Making Business Work for the Poor* (New York, US: UNDP); SIDA (2003) *Making Markets Work for the Poor: Challenging SIDA's Support to Private Sector Development* (Stockholm, Sweden: SIDA); OECD (2001) *The DAC Guidelines: Helping Prevent Violent Conflict* (Paris, France: OECD); and DFID (2005) *Fighting Poverty to Build a Safer World: A Strategy for Security and Development* (London, UK: DFID). See also the cross-cutting emphasis placed by the USAID Conflict Management and Mitigation team on working with the private sector at www.usaid.gov/our_work/cross-cutting_programs/conflict/focus_areas/economics.html; and the World Bank website on Private Sector Development at rru.worldbank.org/
- 6 DFID (2005) *Working with the Private Sector to Eliminate Poverty* (London, UK: DFID).
- 7 Schulpen, L. and Gibbon, P. (2001) 'Private Sector Development: Policies, Practices and Problems' *World Development* Vol. 30, No. 1 (Oxford, UK: Pergamon).
- 8 DFID (2005) *Fighting Poverty to Build a Safer World* op. cit.; World Bank (2000) *Attacking Poverty: Opportunity, Empowerment and Security* (Washington DC, US: World Bank); SIDA (2005) *Promoting Peace and Security through Development Co-operation* (Stockholm, Sweden: Edita).
- 9 See, for example, Ballentine, K. and Sherman, J. (eds.) (2003) *The Political Economy of Armed Conflict: Beyond Greed and Grievance* (Boulder, US: Lynne Rienner); Fischer, M. and Schmelzle, B. (eds.) (2004) 'Transforming War Economies: Dilemmas and Strategies' *Berghof Handbook Dialogue Series* No. 3 (Berlin, Germany: Berghof Research Center for Constructive Conflict Management); and Collier, P. (2000) 'Doing Well Out of War: an Economic Perspective' in Berdal, M. and Malone, D. (eds.), *Greed and Grievance: Economic Agendas in Civil Wars* (Boulder, US: Lynne Rienner).
- 10 See, for example, Le Billon, P. (2005) 'Fuelling War: Natural Resources and Armed Conflicts' *Adelphi Paper* No. 373, International Institute for Strategic Studies (London, UK: Taylor and Francis); Ross, M. (2003) 'Oil, Drugs, and Diamonds: The Varying Role of Natural Resources in Civil Wars' in Ballentine and Sherman, op. cit; Global Witness (2004) *Same Old Story: A Background Study of Natural Resources in the DRC* (London, UK: Global Witness); and Global Witness (1998) *A Rough Trade: The Role of Diamond Companies and Governments in the Angolan Conflict* (London, UK: Global Witness).
- 11 Research in this area is planned for 2006-08.
- 12 See www.international-alert.org/our_work/themes/business.php?page=work&ext=set
- 13 Smith, D. (2004) *Towards a Strategic Framework for Peacebuilding: Getting their Act Together* (Oslo, Norway: Royal Norwegian Ministry of Foreign Affairs); and www.international-alert.org/about_alert/what_we_do.php?page=about
- 14 An earlier study published jointly by International Alert, the International Business Leaders' Forum and the Council on Economic Priorities provided a valuable first effort focusing on multinational and domestic business initiatives. See Nelson, J. (2000) *The Business of Peace: the Private Sector as a Partner in Conflict Prevention and Resolution* (London, UK: Alert/IBLF/CEP).
- 15 Anderson, M. B. and Olson, L. (2004) *Confronting War: Critical Lessons for Peace Practitioners* (Cambridge, US: Collaborative for Development Action).
- 16 See Tilly, C. (1985) 'War Making and State Making as Organized Crime', in Evans, P., Rueschemeyer, D. and Skocpol, T. (eds.) *Bringing the State Back In* (New York, US: Cambridge University Press).

- 17 Emerging best practice on 'monitoring and evaluation' is the subject of much debate, see for instance Hoffman, M. (2004) *Peace and Conflict Impact Assessment Methodology* (Berlin, Germany: Berghof Research Center for Constructive Conflict Management).
- 18 Le Billon, P., Sherman, J. and Hartwell, M. (2002) 'Controlling Resource Flows to Civil Wars: A Review and Analysis of Current Policies and Legal Instruments', background paper, International Peace Academy 'Economic Agendas in Civil Wars Project Conference', Rockefeller Foundation Study and Conference Center, Bellagio, Italy, 20-24 May 2002 (New York, US: IPA).
- 19 See Taylor, M. (ed.) (2003) *Economies of Conflict: The Next Generation of Policy Responses. Report of the Expert Consultation on Conflict Economies and Development* (Oslo, Norway: Fafo).
- 20 Pugh, M. and Cooper, N., with Goodhand, J. (2004) *War Economies in a Regional Context: Challenges of Transformation* (Boulder, US: Lynne Rienner).
- 21 Jackson, S. (2005) 'Protecting Livelihoods in Violent Economies' in *Profiting for Peace: Managing the Resource Dimensions of Civil War* (Boulder, US: Lynne Rienner).
- 22 OHCHR (2004) 'The Global Compact and Human Rights: Understanding Sphere of Influence and Complicity', in UN Global Compact and OHCHR (eds.) *Embedding Human Rights into Business Practice* (New York, US: UN Global Compact/OHCHR).
- 23 The term was first coined in 1992 by former UN Secretary General Boutros Boutros-Ghali in *An Agenda for Peace*, in which it was used as an addition to other UN responses to the threat or outbreak of conflict: preventive diplomacy, peacemaking and peacekeeping. In this context, it was applied to mean interventions to stabilise peace in the aftermath of a conflict only. Today, the term 'peacebuilding' has been extended to include all three areas of conflict prevention; efforts to settle violent conflict once it has broken out; and efforts to stabilise and strengthen peace in a post-war situation.
- 24 Smith, D. (2004) op. cit.