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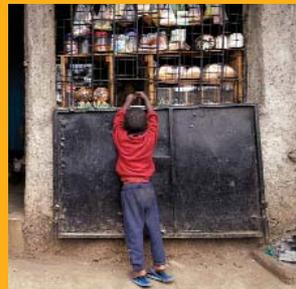
Local Business,
Local Peace:
the Peacebuilding
Potential of the
Domestic Private
Sector

Executive Summary

Understanding conflict. Building peace.

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 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. 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.[2] 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.

Preventing armed conflict, ending it if it breaks out, and building peace in its aftermath continue to 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.

Published by the UK-based peacebuilding NGO International Alert, with the input and help of contributors and organisations around the world, *Local Business, Local Peace* highlights the potential of the domestic private sector to contribute to lasting peace as part of such a collective effort. It makes the case that business is often tightly bound up in conflict dynamics, and is at the same time able to play an important role in addressing these at different levels. Drawn from the experiences of businesspeople in over 20 conflict-affected countries, the study focuses on businesses' efforts to support formal peace processes; to address socio-economic issues; to build bridges between divided communities and groups; to alleviate security concerns; and lastly on the special role of women entrepreneurs.

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.[3] 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 interventions. It is often assumed that even in conflict zones, it is straightforward to generate a virtuous circle of economic growth leading to poverty reduction which in turn will contribute to peace, with the private sector as a critical driver.[4]

Aims of the study

Wherever there is war or instability, the domestic private sector is hugely affected. 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 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 and other reasons, business is often motivated to contribute to peacebuilding. Further, it has the resources, skills and capacities to do so, across a range of peacebuilding tasks.

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. It 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.

As well as businesspeople, 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.

1. Smith, D. (2003) *The Atlas of War and Peace* (London, UK: Earthscan).
2. Human Development Report (2005) *International Co-operation at a Crossroads: Aid, Trade and Security in an Unequal World* (New York, US: UNDP).
3. See for instance 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).
4. DFID (2005) *Fighting Poverty to Build a Safer World: A Strategy for Security and Development* (London, UK: DFID); World Bank (2000) *Attacking Poverty: Opportunity, Empowerment and Security* (Washington DC, US: Word Bank); SIDA (2005) *Promoting Peace and Security through Development Co-operation* (Stockholm, Sweden: Edita).

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, highlighting the issue of 'war economies'. A significant body of research has been assembled in the past decade that emphasises how profit-seeking business activities relate to the perpetuation of violence in many conflicts today.[5] Allowing for differences of opinion within this body of work, the main focus has been on armed groups that profit from war, and the patterns of trade that provide a source of funds for sustaining it. Extraction of natural resources is a specific feature of both problems.[6] 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. Taken together, research and response to war economies represent a critical new area for peacebuilding.

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 contribute to 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. The study comprises nine country or regional reports on Afghanistan, Bosnia and Herzegovina, Colombia, Guatemala, Israel/Palestine, Nepal, Somalia, Sri Lanka and the South Caucasus, and 21 shorter case studies.

Local business responses to conflict – mapping a spectrum

Peacebuilding interventions by any actor, be it local or international, need to be informed by a good understanding of the intervening agency's own relationship to the conflict context and underlying issues. Without that, any efforts to contribute to peace will at best be partial and, at worst, do more harm than good.[7] 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.

The case-study material in this publication reveals that business responses to violent conflict tend to involve a mix of strategies, which adapt over time to changing dynamics, circumstances and opportunities. This diversity of business responses lies along a spectrum, as depicted in Figure 1. At one end are conflict-sustaining activities, such as involvement in illicit trade that finances the continuation of armed combat, as well as the structural links between business as a social class, and the root causes of violence. In the middle are coping strategies, as business pursues its *raison d'être* and adapts to the conditions and challenges of conflict. Coping activities have both potentially conflict-sustaining as well as conflict-reducing impacts. Finally there are responses that seek to reduce conflict and enhance the prospects for peace – activities that this study terms 'peace entrepreneurship'.

Figure 1 – Spectrum of local business response to conflict

CONFLICT SUSTAINING ← COPING/SURVIVAL → CONFLICT REDUCING/ PEACEBUILDING

5. 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).

6. 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).

7. See Anderson, M. B. and Olson, L. (2004) *Confronting War: Critical Lessons for Peace Practitioners* (Cambridge, US: Collaborative for Development Action).

What is peacebuilding?

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. These involve a wide variety of actors, perceptions and agendas. In addressing these different dimensions of conflict, peacebuilding is a long-term process that involves a variety of activities that seek: "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."[8]

While peacebuilding will involve different strategies and activities depending on the specificity of each conflict context, these can be broadly organised into four categories: political, economic, security, and reconciliation. 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. 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, with complementary roles and mandates.

While external actors, such as foreign governments, inter-governmental organisations and NGOs, can play an important role in facilitating conflict-transformation processes, there is virtually unanimous agreement that the primary burden in building peace lies with local actors. In fact, a strategic approach to peacebuilding promotes the primacy of local actors. It requires the co-operation of different sectors of society across political, social and economic divides. And it looks beyond national boundaries to ensure that outside interventions help local efforts.

The domestic private sector straddles all levels of society, through its existing networks and associations, and can be highly effective because of its linkages among businesspeople and with other groups.

Figure 2 – Peacebuilding actors at all levels

TYPES OF ACTORS

Level 1: Top leadership
Military/political/religious
leaders with high visibility

Level 2: Middle range leadership
Leaders respected in sectors
Ethnic/religious leaders
Academics/intellectuals
Humanitarian leaders (NGOs)

Level 3: Grassroots leadership
Local leaders
Leaders of indigenous NGOs
Community developers
Local health officials
Refugee camp leaders

BUSINESS COUNTERPARTS

Individual business leaders
National chambers of commerce
Sectoral apex organisations
Leading company CEOs

Small to medium-size enterprises
Regional chambers of commerce
Regional business leaders

Shop owners
Traders, including informal sector
Market stall owners
Small scale associations

Affected population

Source: Adpated from Lederach, J. P. (1997) *Building Peace: Sustainable Reconciliation in Divided Societies* (Washington DC, US: USIP).

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8. Smith, D. (2004) *Towards a Strategic Framework for Peacebuilding: Getting their Act Together* (Oslo, Norway: Royal Norwegian Ministry of Foreign Affairs).
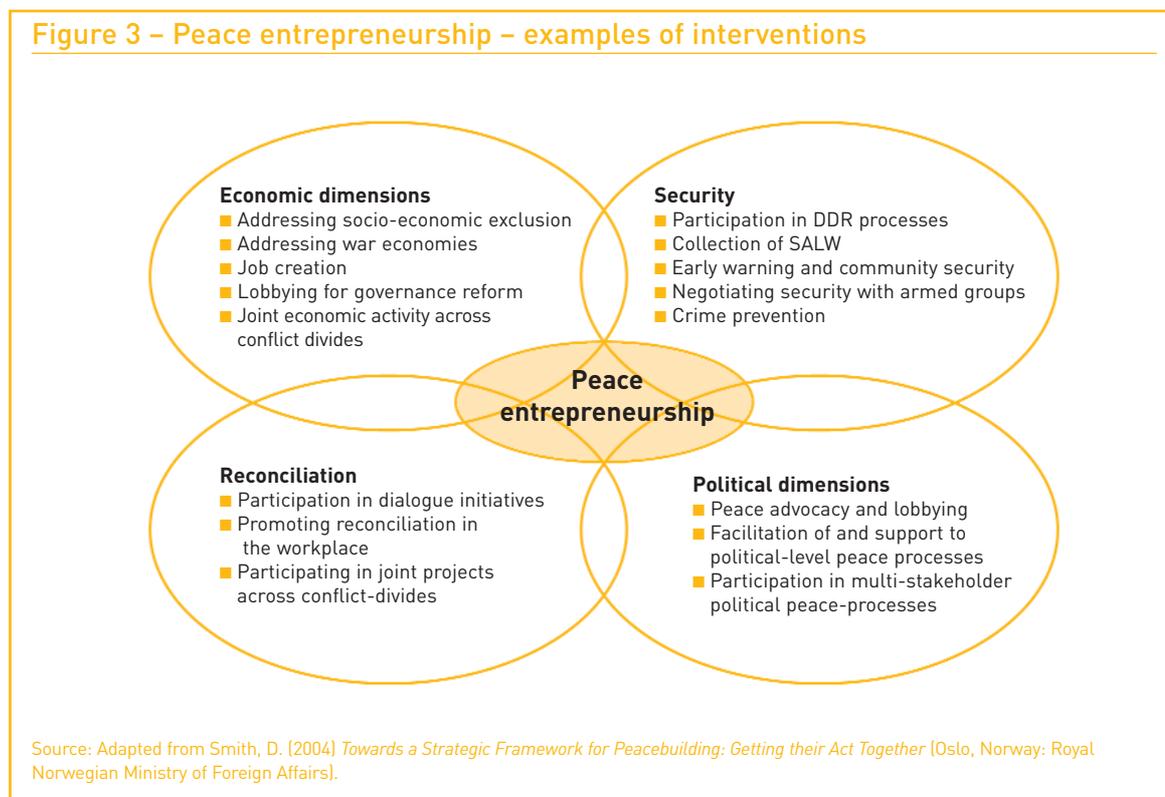
Peace entrepreneurship – an overview of cases

The case-study material collected for *Local Business, Local Peace* reveals a range of interventions by businesses seeking to promote peace in a variety of conflict settings. These are summarised on a country-by-country basis below.

AFGHANISTAN	■ A high level conference encourages business to engage in dialogue with the government in order to strengthen its role in the country's reconstruction ■ Business gets involved in the Afghan New Beginnings Program, a Disarmament, Demobilisation and Reintegration (DDR) programme, providing training and employment to ex-combatants ■ Local businessmen participate in a *shura*, or council, that seeks to tackle corruption in the local administration ■ Members of the Afghan diaspora return to invest in the country's economy ■ US NGO Business Council for Peace supports women entrepreneurs in creating sustainable businesses
BOSNIA AND HERZEGOVINA	■ *Nova Banka Bijeljina*, the leading bank in SME finance, lobbies authorities to achieve cross-entity harmonisation of banking regulations, creating a unified banking market and facilitating investment across different entities ■ *Organic Medici*, a business growing and processing organic herbs, works with farmers across ethnic and entity divides to source products, and employs minority returnees ■ Croatian company *Kras* reinvests in *Mira Prijedor* biscuit factory in Republica Srpska, assisting its recovery from war-time losses ■ Informal markets such as Arizona in Brcko district provide spaces for inter-ethnic economic cooperation at the same time as securing livelihoods ■ International NGO CHF's Municipal and Economic Development Initiative supports multi-ethnic business associations which form into the Regional Enterprise Network, contributing to economic policy-making at both local and national levels ■ Tuzla-based NGO *Ipak* enters into a partnership with local furniture company Score, which offers places to young refugee graduates of *Ipak*'s carpentry training
BURUNDI	■ The country-wide women's network *Dushirehamwe* combines conflict transformation with economic co-operation and livelihood generation initiatives ■ Burundi Enterprise Network is formed to lobby and engage with the government to improve the business climate and create a more equitable and peaceful economy
COLOMBIA	■ Business plays a high-profile role in the Pastrana administration's peace process with the armed group FARC ■ The energy company *Interconexión Eléctrica S.A.* creates the *Programa de Desarollo para la Paz*, an initiative that tackles the root causes of conflict at the community level ■ *Compañía Envasadora del Atlántico*, in collaboration with the UNDP, helps organise farmer associations that produce passion fruit for its export business, providing them with livelihood alternatives to coca plantation ■ *Allianzas Red* works to involve the private sector in reintegration initiatives that offer training and employment opportunities to IDPs ■ The national Federation of Chambers of Commerce initiative *Empresas por la Paz* combines conflict resolution training at the micro-level with business start-up support to participants
CYPRUS	■ Greek and Turkish Cypriot businesspeople participate in a cross-island dialogue initiative to develop strategies for economic co-operation and a peaceful settlement of the conflict
DEMOCRATIC REPUBLIC OF CONGO	■ Local businesses in eastern Congo employ ex-combatants and co-operate with MONUC to strengthen stability at the community level and engage in policy dialogue at the national level
EL SALVADOR	■ The business community actively participates in the peace process and negotiations, shaping the final agreement ■ Business leaders are involved in the citizens' initiative Patriotic Movement Against Crime, advocating for and carrying out a weapons collection scheme
GUATEMALA	■ ASAZGUA, the national sugar producers' association, set up the FUNDAZUCAR, which engages in social investments to benefit sugar workers and communities, also providing development planning assistance to local governments ■ Garment factory Koramsa opens a separate production line to offer training and work placements to youths at risk of joining criminal gangs in surrounding communities
ISRAEL/ PALESTINE	■ Israeli fruit and vegetable export company Agrexco partners with five Gaza-based growers' associations to export their crops to EU markets, and sets up a separate brand to promote Palestinian produce ■ Logistics zones at border crossings between Israel and Palestine are set up to overcome access problems and facilitate continued cross-border flow of merchandise and economic co-operation between businesses ■ Pre-*intifada* plans for cooperation in the IT sector resurface in the aftermath of Israeli withdrawal from the Gaza strip and hold the potential for future joint ventures ■ Tourism is harnessed to promote greater cooperation between Palestinian and Israeli tour operators to maximise mutual benefit from tourism to the region ■ The Alternative Tourism Group promotes 'justice tourism' to ensure Palestinian communities benefit from tourism to the region, at the same time educating visitors about the political and conflict context ■ The Peres Center for Peace and the Center for Jewish-Arab Economic Development foster business linkages through various initiatives reaching out to Israeli and Arab business communities

KOSOVO	■ The international NGO Mercy Corps promotes 'dialogue-rich development' in an initiative to foster both reconciliation and business linkages that were lost during the conflict between Albanian and Serb Kosovars
NEPAL	■ The Federation of Nepalese Chambers of Commerce initiates negotiations to avert a Maoist threat to shut down industries, and to address some of their political and labour-related demands ■ 14 apex business organisations set up the National Business Initiative to support both the political peace process and just socio-economic development to address some of the root causes of the conflict ■ The Three Sisters' Trekking Agency trains and employs socially disadvantaged women, addressing both gender and socio-economic issues pertinent to the conflict
NIGERIA	■ Marketplaces in Nigeria offer space for inter-ethnic economic interaction, fostering peaceful relationships and leading to co-operation on community-level security
NORTHERN IRELAND	■ The Confederation of British Industry (CBI) engages in advocacy and support to the peace process, emphasising the benefits of a 'peace dividend' ■ Together with other business associations, CBI establishes the Group of Seven, which urges a settlement to the conflict through public campaigns and media statements at critical junctures during the peace process, as well as direct engagement with all parties to the conflict
PHILIPPINES	■ Philippines Business for Social Progress (PBSP) facilitates public-private dialogue on governance issues relating to regional cross-border trade in Tawi-Tawi in order to protect local livelihoods ■ PBSP's initiative Young Muslim Professionals for Business and Peace offers Muslim entrepreneurs from the Autonomous Region of Muslim Mindanao (ARMM) internships in Manila-based companies to facilitate skills transfer and religious tolerance in the workplace ■ Paglas Corporation and La Frutera Inc. invest in marginalised areas of the ARMM to establish a banana plantation that offers jobs to Muslims and Christians alike, including ex-combatants, promoting reconciliation and religious tolerance in the workplace
SIERRA LEONE	■ The Sierra Leonean branch of African diaspora mobile phone company Celtel partners with international NGO Search for Common Ground to launch a new mobile phone network in former rebel strongholds in the north, combining the launch with a radio-broadcast debate on the importance of national reconciliation and the role of communications ■ The Sierra Leonean Market Women's Association provides micro-finance schemes and training to market women to strengthen their livelihoods and contribution to the post-war economy
SOMALIA	■ Telecommunications company Nationlink partners with UNICEF and a local NGO to provide vocational training and employment to demobilised child soldiers ■ Facilitators of the peace process involve businesspeople in a high level conference to secure their buy-in and commitment to a peace agreement and reconstruction of the country ■ Businesses support the Mogadishu Security and Stabilisation Initiative that seeks to address security concerns in the capital, including roadblocks ■ Businesspeople supply investment and goods for the running of local social services such as hospitals, and themselves provide essential public services such as electricity
SOUTH AFRICA	■ The Consultative Business Movement (CBM) combines efforts with others to consult with the different parties to the conflict to facilitate an inclusive peace process; it subsequently gets invited to provide secretariat and administrative functions for the Convention for a Democratic South Africa process that brings about a new constitution ■ After the first elections, CBM and the Urban Foundation form the National Business Initiative in order to channel business support and work in partnership with government to tackle systemic problems hampering social and economic development ■ Business leaders set up Business Against Crime, a non-profit organisation to partner with the government to tackle threats to security ■ A separate Business Trust is set up to deal with the problem of unemployment, in particular focusing on job creation in the tourism industry
SOUTH CAUCASUS	■ The Abkhaz Union of Women Entrepreneurs assists Georgian micro-businesses from economically marginalised Gal/i district through start-up funds and training ■ International NGO Conciliation Resources facilitates a dialogue initiative between Georgian and Abkhaz businesspeople to build trust and identify shared issues of concern in the current conflict context ■ Georgian and South Ossetian farmers exchange land located in the conflict zone between the two to protect mutual property from attack ■ Recently closed Ergneti and Sadakhlo markets were important centres for generating livelihoods as well as confidence and trust through cross-border trade between Georgians and South Ossetians, and Azeris and Armenians, respectively ■ The Caucasus Business and Development Network seeks to facilitate regional business linkages by promoting information exchange ■ The Turkish-Armenian Business Development Council is formed by Armenian and Turkish businesspeople to foster business linkages as well as providing a forum to advocate for rapprochement at the political level
SRI LANKA	■ Colombo-based big business forms the Sri Lanka First campaign, which mobilises citizen support for a peace settlement in the run up to elections in 2001, helping to bring to power a pro-peace government and leading to the signature of a ceasefire agreement in 2002 ■ The Business for Peace Alliance, a working group of business members from regional chambers of commerce from across the island, promotes trust-building and joint initiatives between Tamil, Sinhalese and Muslim businesspeople, as well as policy advocacy vis-à-vis the capital

Local Business, Local Peace clusters instances of peace entrepreneurship according to the four dimensions of peacebuilding outlined above, illustrating businesses' potential to contribute to addressing economic, security, political and reconciliation issues.

Figure 3 – Peace entrepreneurship – examples of interventions

Economic dimensions
- Addressing socio-economic exclusion
- Addressing war economies
- Job creation
- Lobbying for governance reform
- Joint economic activity across conflict divides

Security
- Participation in DDR processes
- Collection of SALW
- Early warning and community security
- Negotiating security with armed groups
- Crime prevention

Peace entrepreneurship

Reconciliation
- Participation in dialogue initiatives
- Promoting reconciliation in the workplace
- Participating in joint projects across conflict-divides

Political dimensions
- Peace advocacy and lobbying
- Facilitation of and support to political-level peace processes
- Participation in multi-stakeholder political peace-processes

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

Local businesses' role in formal peace negotiations

With regard to formal, political-level peace processes, the study reveals 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 have brought essential resources and skills to bear, and harnessed their close connections with political decision makers in support of peace negotiations. Their resources and skills can be critical inputs to the implementation of agreements, including meeting expectations of a 'peace dividend'. Because the private sector is also in a position to veto peace processes by withholding crucial resources, winning its active engagement is an important part of any peace strategy.

Local business and the economic dimensions of peacebuilding

Based on the standard development discourse that emphasises a critical role for business in creating growth, much is assumed about the economic contribution the domestic private sector can make to peacebuilding. But the issue needs to be looked at more carefully. Business can perpetuate economic problems underlying conflict, often unwittingly. At the same time it is well-placed to mitigate the socio-economic exclusion that lies 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. This study shows how more thoughtful businesses can take creative steps to address the economic

causes, drivers and consequences of violent conflict. 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 fulfill its potential to contribute to the economic dimensions of peacebuilding.

Local business as connectors: rebuilding relationships across conflict divides

Relationships between communities divided by violent conflict are usually damaged and extremely precarious, with high levels of mistrust and anger over past atrocities. The study shows that, as leaders in society, domestic business can do a lot to repair broken ties across conflict divides. This can take the form of engagement in dialogue processes designed to bring individuals from both sides together; or the organisation of, and participation in, joint economic activities. Dialogue initiatives can generate a sense of common purpose among entrepreneurs enabling them to see the conflict in new ways, and to 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, these points of contact are both profitable and inspiring as they demonstrate that peaceful interaction for mutual benefit is possible as well as desirable.

"There was a feeling of anger that these people had caused such devastation ... but then we found that we could sit and talk with them. Within seconds, we realised there were common problems."

Regional business representative in southern Sri Lanka recalls first meeting with business counterparts from the north and east of the country

The role of local business in addressing the security dimensions of peacebuilding

Local businesses can 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 Disarmament, Demobilisation and Reintegration programme, or on a more ad hoc basis; providing finance and logistics for small arms and light weapons collection programmes; strengthening official security structures; and operating as an early-warning source of information on conflict recurrence and community-level security breakdown.

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 also can signify further erosion of an inclusive and accountable state security apparatus. The issue needs to be handled carefully by businesses that seek to contribute to longer-term stability.

The role of women entrepreneurs in peacebuilding

Mainstream development discourse now includes a focus on strengthening women's role as economic actors, especially at the grassroots level through micro-finance. Similarly, there is increasing recognition of the role that women can play 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. Examples include a network of women working across ethnic divides to regenerate livelihoods at the grassroots, and a women's entrepreneurial organisation that promotes reconciliation through joint economic activity between small businesses.

"After conflict, women are often a strong force for economic growth."

Maria Livanos Cattaui, former secretary-general of the International Chamber of Commerce

What motivates peace entrepreneurship?

Local Business, Local Peace sheds some light on the key question of what makes it possible for business to adopt peacebuilding strategies? In other words, what drives peace entrepreneurship?

Four key motivating factors that drive business involvement in peacebuilding emerge from the study:

Counting the cost of conflict

Awareness of the costs of a conflict to the private sector is a central issue for businesspeople. Economic downturn; loss of investment; destruction of infrastructure; damage to capital and workforces; loss of business partners across the conflict divide; lack of security in the operating environment and loss of opportunity for growth are among the direct impacts suffered by businesses during conflict. Awareness raising and conducting research and advocacy around this issue are primary tools for others to promote business engagement and has been used by larger companies to convince others to join in promoting peace.

Moral imperative

Peace entrepreneurship cannot be reduced entirely to an economic rationale: a moral imperative felt by the individuals involved is often an equally compelling factor. The desire to alleviate suffering and promote peace for the greater good of society often complements economic interests in motivating peace entrepreneurship. This factor underscores a critical distinction between local businesses and their foreign investor counterparts: the former are part of the social fabric of a conflict context, and therefore experience the trauma and destruction it brings to their own communities and families.

Opportunities catalysed by others

International development or peacekeeping agencies; armed groups; local civil society groups and their international counterparts all have actively sought to encourage business to address specific conflict issues and otherwise become involved in peacebuilding. The engagement of business can be catalysed through partners that offer space for dialogue and analysis; exchanges with individuals involved in other peace processes; political and security gains; and of course financial support and incentives. In several cases, business has been offered attractive 'win-win' opportunities that have drawn them into partnerships supporting peace.

Internalising corporate social responsibility (CSR) norms

The increasing spread of CSR norms is another trend that emerges from the case-study material. Mainly relevant to companies that have attained a certain scale, CSR can provide a framework for addressing certain conflict issues directly – for instance corruption or unfair employment practices – either through changed approaches to core business activities or broader relationships at the community and political levels. At the same time CSR principles can be a powerful mechanism for altering negative perceptions of businesses as drivers of, or collaborators in, issues that may underpin conflict.

What shapes peace entrepreneurship?

If business is motivated, it is clear from this study that certain internal and external factors can further enable its interest in peacebuilding to evolve into concrete action, and will determine the trajectory it follows:

Internal factors

Leadership
While much of the case-study material reviews the activities of businesses, it is the businesspeople driving them that make the achievements possible. Ultimately, the success or failure of any peacebuilding initiative depends on the personal strength and commitment of the individuals leading it. They are usually personalities who can articulate the case for a wider, private sector role in peacebuilding and convince doubters to engage; who can exercise their influence without fear of reprisal; and who are respected both by their peers and society at large.

Collective action
The most successful initiatives in terms of macro-level impact involve sections of the business community working cohesively to maximise influence over political dynamics, or to raise public awareness about conflict and peace. Some of the more effective initiatives have seen cross-sectoral engagement through umbrella organisations, such as chambers of commerce, that bring together different sectors. Working across the private sector can strengthen an initiative's credibility and legitimacy and facilitate an amplified agenda and impact. Competitive dynamics within the private sector need to be overcome through a sufficient sense of shared interest in achieving a jointly identified goal.

Legitimacy
For collective action and co-operation with others to be possible and effective, the private sector, like any other actor seeking to engage in peacebuilding, has to enjoy credibility, legitimacy and the backing of other sectors. This is crucial to winning acceptance both from conflicting parties and the wider public. Acquiring legitimacy can be challenging for the private sector if some enterprises have played – or are perceived to have played – a role in perpetuating conflict. Efforts to engage the business community must address negative perceptions.

Conflict analysis and self-reflection
Perceptions of conflict are often subjective, and may be based on prejudices and preconceptions about the roles played by others. A rigorous, analytical approach that includes broad consultation with other stakeholders can help to overcome bias within the private sector and build a comprehensive picture of the causes of conflict. This has to include a good understanding of the private sector's perceived role in society, and its own links with conflict dynamics. Such self-reflection is critical if business is to tackle key conflict issues in a transformative manner. It may even reveal entry-points for addressing them, for instance by improving hiring practices.

Size and type of private sector
The size of a business shapes its involvement in peacebuilding and the kinds of activities in which it is likely to become involved. Some of the most compelling examples of peacebuilding entail big companies using their influence to lobby for peace at the political level. However, small or micro businesses are by no means excluded from peacebuilding processes, although their impact tends to be more localised, because their influence on central government is often limited. Nevertheless, their contributions can be crucial because they are often located at the front lines.

External factors

The business environment

The environment in which a company operates inevitably affects its ability to contribute to peace, and will shape the kinds of interventions it makes. The unpredictability generated by conflict tends to shrink time horizons in terms of investment and profitability. Where businesspeople have no confidence in the future, investing in peace can seem a remote priority. At the same time, features of the conflict-affected business environment that stand in the way of business can provide opportunities for engagement. For example, closed borders or broken business ties undermine trade; many of the efforts described in the case-studies seek to overcome precisely these blockages.

The political context

The political space to address conflict issues openly may be restricted. A peace role for business may be difficult when government is the major source of contracts. The voice and interests of small businesses are often ignored by decision-makers. Such issues influence whether and how businesspeople develop peace entrepreneurship.

At the same time peace entrepreneurship has to adapt to a constantly evolving political context. There may be times when some options, such as directly advocating peace to conflict parties, may be impossible. In these cases, identifying alternatives with a longer term horizon will be necessary. Successful strategies are able to respond to – and even drive – the external environment, changed circumstances and opportunities. The strongest examples of peace entrepreneurship follow a flexible path, shaped by a deepening understanding of the changing context and contributing to peacebuilding on a number of fronts.

External facilitation and support

Initiatives by others – including international donor agencies, government and civil society – have been effective in catalysing and supporting a peacebuilding role for business. The material gathered in *Local Business, Local Peace* has implications for how external actors interact with the domestic private sector, and the manner in which economic development is approached in conflict-prone societies. A critical first step is to understand the complex relationships different pockets of the private sector can have to conflict. This makes an assessment of their potential to contribute to peace possible. Below are some useful entry-points:

■ **Conflict-sensitive economic interventions.** To date, few international development agencies working to promote economic growth have integrated conflict analysis and sensitivity into their interventions. Interventions that are not conflict-sensitive can unwittingly exacerbate the linkages between economy and conflict, to the detriment of peacebuilding and growth alike, whether at the macro level of the national economy; through privatisation programmes; or instruments that directly target local business actors at different scales such as Private Sector Development and micro-finance activities.

■ **Convening and providing a platform for peace entrepreneurs.** A number of case studies point to the valuable role that external agencies can play in bringing business together with other relevant actors, and providing a space that might not otherwise be available to explore common challenges and ideas. This convening capacity allows business to formulate its own analysis and strategies and ensures that the results will be rooted in a sense of ownership by the private sector, rather than being externally imposed.

■ **Raising awareness and outreach.** Raising awareness of businesses' potentially positive and negative impacts offers further avenues for support. Sharing lessons from other conflict contexts can provide a source of ideas for businesses keen to engage. Raising awareness about CSR provides an indirect path towards understanding the deeper demands of peacebuilding, as does increased awareness of the costs of conflict to the economy and specific business sectors.

- **Building partnerships.** Partnerships between business, civil society, government and international actors can amplify the impact of initiatives, building on individual and mutual strengths. Peacebuilding is a multi-faceted endeavour, so pooling resources and expertise in specific initiatives is essential. These partnerships help businesses to gain acceptance and the trust of other stakeholders.

- **Promoting enabling environments and business networking.** The business environment is critical to stimulating growth and also has implications for peace entrepreneurship. In particular, external actors should recognise and support the active role that business can play in addressing structural problems and poor governance. Systems of organisation and networking, such as chambers of commerce or sector-specific apex organisations, can facilitate and channel collective business action in support of peace entrepreneurship.

- **Promoting cross-conflict economic activity.** The potential for business to act as a 'connector' across conflict divides can be maximised with external support. Business linkages lost during conflict, or new and potential areas for co-operation – which often emerge informally – can be strengthened by addressing structural obstacles to co-operation, sharing information, and providing safe spaces and opportunities for exchange.

- **Early planning.** Whatever the best route for stimulating peace entrepreneurship may be in a specific context, early analysis of both possibilities and the role of business in the conflict-affected society will be important. Incorporating businesses' perspectives into planning and implementation early on will help ensure that initiatives are grounded in the realities they face, as well as actual capacities and readiness to engage.

The peacebuilding potential of the domestic private sector has been neglected or misunderstood for too long. Its role has either been framed by the international community, civil society and even businesses as purely economic, and therefore focused largely on growth and wealth creation, or, more recently, in negative terms, focused on its conflict-sustaining dimensions in war economies. As *Local Business, Local Peace* demonstrates, the domestic private sector has a role in peacebuilding every bit as diverse and wide-ranging as that of other actors, albeit one that draws on different competencies, skills and resources. The experiences of local businesspeople drawn together in *Local Business, Local Peace* therefore exemplify an overlooked reserve. By collecting and analysing these initiatives, this study points to a multitude of lessons, ideas and recommendations, both for businesspeople and others who are in a position to support a more pro-active and positive engagement by the private sector in addressing conflict. International Alert hopes readers will find it sufficiently stimulating to catalyse their deeper engagement in working for sustainable peace in the future.

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International Alert.
346 Clapham Road, London SW9 9AP, United Kingdom
Tel +44 (0)20 7627 6800, **Fax** +44 (0)20 7627 6900, **Email** general@international-alert.org
www.international-alert.org