International Alert.

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

Conclusions*

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Understanding and strengthening
peace entrepreneurship

The peacebuilding potential of the domestic private sector has been neglected or misunderstood for too long, its role being framed by the international community, civil society and even businesses as purely economic, and therefore focused largely on growth and wealth creation. As this book demonstrates, however, local business 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* exemplify an overlooked reserve of potential, notwithstanding the numerous on-the-ground instances of action and collaboration between business and other stakeholders in different conflict contexts. By collecting these initiatives and reflecting on the cases they describe, 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.

The contribution of business to peacebuilding has largely been understood in one-dimensional economic terms that fail to take into account the complex links the private sector can have to root conflict causes precisely because of its place in the economy. While recent attention to 'war economies' has started to throw critical light on the relationship between business and conflict, the door needs to be opened further. Business undoubtedly has a role in stimulating growth, but without improved understanding of the business and conflict nexus, many of its core activities such as job creation or policy dialogue with governing elites can perpetuate, rather than alleviate, conflict dynamics at both the grassroots and national levels. Some of the businesses described in this volume, particularly in conflicts characterised by high

levels of socio-economic exclusion, have come to understand how they are also a feature of the conflict. Interventions by governments and international donors seeking to stimulate economic growth or poverty reduction need to do the same or risk inadvertently exacerbating those conflict dynamics.

Until the critical relationship that business can have at all levels to the political economy of a war is made the subject of greater reflection its potential to contribute more positively to peacebuilding will continue to be untapped. *Local Business, Local Peace* shows that different types of business can be brought directly into coordinated efforts in each sphere of peacebuilding. At the political level, businesses can take overt or discreet steps to ensure that peace negotiations progress, as happened in El Salvador, Northern Ireland, South Africa, Sri Lanka and other conflicts.
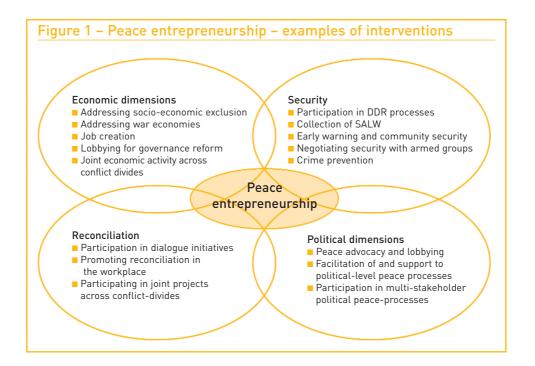
In the economic sphere, businesses have the potential to address the economic *causes* of conflict, such as socio-economic exclusion, by redressing any bias in their recruitment policies or the conditions faced by local communities, as the cases from the Philippines and Colombia illustrate. They can also address the governance issues perpetuating such dynamics. Businesses can tackle the economic *drivers* of conflict, as shown by efforts to provide alternatives to coca production in Colombia, or to address underemployment, including a lack of jobs for ex- or potential combatants. And, the private sector can deal with the economic *impacts* of conflict, whether by trading with 'the enemy' as in Burundi, Israel/ Palestine, the South Caucasus or a number of other countries, rebuilding damaged infrastructure, or simply by disseminating information about the costs of conflict to wider society.

Many such initiatives have, as argued in this book, had positive implications for reconciliation and this is a third sphere where the cases illustrate the greater contribution that business can make. Doing business across conflict divides and finding common ground as economic players, despite enmity and prejudice, show time and again the private sector's potential to act as an agent of change in societies ripped apart by years of violence, as do dialogue initiatives that bring together business leaders from opposing sides, such as the Turkish-Armenian Business Council, the Georgian-Abkhaz dialogue initiative, the Brussels Business Group in divided Cyprus and the Sri Lankan Business for Peace Alliance.

With regard to different dimensions of security, business has specialised contributions to make to DDR, weapons-collection programmes, crime prevention and the creation of early-warning and community-level security arrangements, as illustrated by the cases from Afghanistan, Colombia, El Salvador, Nigeria and Uganda, among others.

It is equally clear that women entrepreneurs in post-conflict situations have an enhanced capacity to take the initiative in peacebuilding by finding common ground across conflict divides based on business interests and gender, as in Burundi and the South Caucasus; or by organising productively in the aftermath of conflict, given their subordinate domestic and public positions, and their typical roles in society as carers.

Figure 1 summarises some of these interventions, underlining the integral role that the domestic private sector has to play.

Figure 1 – 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

The term 'peace entrepreneurship' is employed to capture the efforts of business to promote peace, which are the subject of this book. While few, if any, of the peacebuilding initiatives described were consciously planned within the framework of action depicted in Figure 1, or even with an overarching ambition to 'build peace', what differentiates the businesses that feature in these pages is their recognition that something must be done to address conflict; that peace is their business, just as much as it is the business of government, armed groups, civil society and the UN, though each has a different contribution to make. Driven by immediate need or the sense of future opportunities, businesses have a legitimate interest in laying the foundations for more prosperous societies, which in turn leads them to act – whether at the grassroots or national levels.

Considering the sum of the studies in this book, what lessons can be drawn about the motives and drivers of peace entrepreneurship, and the conditions that give rise to active engagement? Which external and internal factors shape and influence such engagement? And what kind of external support is required to catalyse and sustain it further?

What motivates peace entrepreneurship?

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

1. Counting the cost of conflict

Awareness of the costs of a conflict to the private sector is the overriding motivating factor 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. While the strategies that arise from awareness of the costs of conflict to business may vary across the spectrum of response, this core economic rationale drives most of the initiatives to reduce violence.

Awareness raising, and conducting research and advocacy around this issue is one of the primary tools for others to promote business engagement and has been used by larger companies to convince others to join in promoting peace, in El Salvador, Nepal, Northern Ireland and Sri Lanka. While understanding the costs of conflict motivates business to adopt new steps to address conflict, the potential opportunities that could arise from an enduring peace are equally compelling and in many cases provide a further business reason for engaging in peacebuilding.

Micro, small and medium enterprises in conflict-affected regions also struggle with the costs of conflict. While their lack of status may preclude active involvement in, for example, raising public awareness of the costs of conflict to promote change at the national level, many businesses reviewed in this book have been prompted to play an equivalent role at the local level, reviving trade across conflict divides, and adopting other strategies out of sheer necessity. Many of these activities have peacebuilding potential.

2. Moral imperative

It is clear that peace entrepreneurship cannot be reduced entirely to an economic rationale: a moral imperative 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, just as these drivers are widely acknowledged as the motivating factors behind peacebuilding efforts led by religious groups or civil society organisations. The moral imperative 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. It is here that business as an important element of civil society is most apparent, with the private sector motivated by a sense of civic responsibility, but with unique skills and resources to offer.

3. Opportunities catalysed by others

As discussed in further detail below, international development or peacekeeping agencies (such as the Swiss Development Corporation (SDC) in Nepal, UNDP in Afghanistan, MONUC in the DRC, among others); national government (Colombia's *Allianzas* Red office); armed groups (for example, the FARC during the Pastrana administration in Colombia); local civil society groups (such as the Centre for Research and Dialogue in Somalia) and their international counterparts (such as Conciliation Resources, International Alert and Search for Common Ground) have actively sought to encourage business to address specific conflict issues and otherwise become involved in peacebuilding. The engagement of business is 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.

4. Internalising corporate social responsibility (CSR) norms

The increasing spread of CSR norms, whether through the influence of international markets or individual corporate leadership, is another trend that emerges from several of the case studies – for example Colombia, Guatemala and Sri Lanka. Mainly relevant to companies that have attained a certain scale (in turn located in some of the more advanced economies reviewed), CSR provides a conduit through which concerns about conflict issues can be channelled, either through changed approaches to core business activities or broader relationships at the community and political levels. Engaging in peacebuilding can be problematic for a company if it has failed to incorporate some of the key practices of socially responsible business in its day-to-day operations. Many CSR tenets can support peacebuilding, for example by addressing corruption or embedding fair employment practices in countries where nepotism and discrimination are conflict factors. If properly mainstreamed and adopted, CSR principles can also be a powerful mechanism for altering negative perceptions in society of businesses as drivers of, or collaborators in, issues that may underpin the conflict. Other peace

stakeholders will not trust the private sector to contribute constructively if it is widely seen to be part of the problem.

What shapes peace entrepreneurship?

If business is motivated, 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

1. Leadership

The creativity and skill of individuals lies behind most of the initiatives described: whether named or not, their commitment and role is implicit throughout the book. While many of the cases review 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 strengths 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. Identifying and supporting such individuals is critical for external actors wishing to support peace entrepreneurship. Leadership manifests itself at the upper echelons of society, where economic and social prestige enable a public leadership role and influence; within a company, where agents of change work to influence business practice; and at the grassroots level, where individual entrepreneurs have stepped forward to articulate and focus a community's difficulties in dealing with conflict-affected circumstances. Individuals committed to the development of society and conscious of their potential to bring about change are crucial. To that extent, the business leaders behind the initiatives discussed in this book share characteristics with other agents of peace within society, such as civil society or religious leaders, all working across the different levels of the 'peacebuilding triangle' depicted in Figure 3 in the Introduction to this book.

2. Collective action

The most successful initiatives in terms of macro-level impact involve sections of the business community working cohesively to forge a unified voice in order to maximise influence over the political dynamics, or raise public awareness about conflict and peace. Working across the private sector strengthens the willingness of other actors to trust the initiative – confirming that its does not originate from the immediate interest of one single actor but rather an entire strata of society – and facilitates an amplified agenda and impact. Collective action is a critical mechanism for the translation of individual businesses' interest in addressing the conflict into a meaningful,

peacebuilding force that works strategically to scale. But it should be stressed that achieving collective action again requires leadership and a sufficient sense of shared interest for businesses to set aside their competitive relationships for a greater common goal. Designing interventions that support collective action is another entry-point for external actors seeking to catalyse business engagement.

3. Legitimacy

The private sector's role can be maximised when it operates collectively, and also when it cooperates with other sectors. But for this to be possible – and for its interventions to carry any credibility and weight – it must have the backing of wider society. Legitimacy and impartiality are essential attributes for any peacebuilding actor, and the private sector is no exception. They are crucial to winning acceptance both from conflicting parties and the wider public. Acquiring legitimacy can be challenging for business if it has played, or is perceived to play, a role in perpetuating economic inequalities; if it has a history of colluding with a repressive elite; or if it has used excessive political influence in its own interests. Efforts to engage the business community must take into account and address any residual, negative perceptions. Recognising that others may see business as an integral part of the problem and understanding why and how that perception has developed are fundamental to the design of appropriate interventions. Businesspeople may also have to get used to new models of working as they learn to collaborate with other social actors – such as politicians and civil society – that may have different characteristic styles.

4. Conflict analysis and self-reflection

It is therefore critical that the private sector understands its perceived role in society. Perceptions of conflict are often subjective, and may be based on prejudices and pre-conceptions about the roles of the various actors. A rigorous, analytical approach that includes broad consultation with other stakeholders can help to overcome bias within the private sector and build a comprehensive and impartial picture of the causes of conflict. This should include a candid understanding of the private sector's own links with the conflict dynamics – historically, at a political level, and within the immediate areas of its operations and workforce. Such self-awareness is critical if business is to address key conflict issues in a transformative manner. When the business community undergoes a process of self-reflection, prompted perhaps by increased debate on economic exclusion or attacks by armed groups that take this factor as their rationale, further entry-points for addressing conflict emerge, for example by improving hiring practices. Self-reflection enables businesspeople to place themselves on the spectrum depicted in Figure 1 in the Introduction – and act accordingly.

5. 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 – as did the National Business Initiative in South Africa – though size is in and of itself not always enough for a business to become involved, or to sustain its involvement, as evidenced by the numerous contexts in which big business is *not* proactively engaged in peace entrepreneurship. Small or micro businesses are by no means excluded from peacebuilding processes. On the contrary, their contributions can be crucial because they are often based on the 'front lines'. Small or medium-sized enterprises in markets close to conflict borders, as in Bosnia's Arizona market, and Sadakhlo and Ergneti in the South Caucasus, are in many instances interested in establishing relations with 'the other side' as the economic need to do so may be high. The contributions of smaller companies and informal sector entrepreneurs tend to be more local than national, however, reflecting their disempowerment with regard to central government.

While this study did not set out to identify the business sectors with the strongest propensity to contribute to peace, the evidence suggests that companies with more to lose from conflict – such as immovable infrastructure, community ties and dependence on peace for their profitability (e.g. tourism, transport or agriculture) – have greater incentives to tackle conflict causes and manifestations. Different sectors also have their own specific associations and infrastructure that can be further mobilised for peacebuilding. Some of the more effective initiatives have seen cross-sectoral engagement through umbrella organisations, such as chambers of commerce, that bring together different sectors.

External factors

1. 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 chaotic conditions that conflict generates tend to shrink time horizons in terms of investment and profitability, limiting the kinds of business likely to flourish in these circumstances. Where businesspeople have no confidence whatever in the future, investing in peace can seem a remote priority. The political space to address conflict issues openly vis-à-vis political elites may also be severely restricted especially where businesses depend on government as a major client or source of opportunity, or if they operate at a small scale in a context where small and medium-sized businesses' voice is largely ignored by politicians. Such dynamics will influence how businesspeople develop peace entrepreneurship and shape their interventions into paths that are deemed 'safe'.

At the same time, features of the conflict-affected business environment that stand in the way of business can provide entry-points. Economic blockades, closed

borders and destroyed business ties undermine trade and many of the business efforts described in the case studies seek to overcome precisely these blockages. Unequal systems built on socio-economic exclusion, patronage or corruption that exclude sections of the economy similarly deter business growth, but can also be spurs to action. Companies can play a critical role in transforming such environments and their governance dimensions through policy dialogue on economic issues, business regulation or attempts to improve the security situation. To this extent, the business environment and types of peace entrepreneurship tend to shape one another.

2. The political context

The political context in conflict-affected societies will continue to evolve as peace entrepreneurship develops. As above, there may be times when some options – such as directly advocating peace to conflict parties – may simply be impossible due to the political context, in which case identifying alternative entry-points 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 such a flexible path, contributing to peacebuilding on a number of fronts while being shaped by a deepening understanding of the changing context. This is not intended to imply that business can, or should, address as many issues as possible. Approaching peacebuilding strategically, as with any other undertaking, requires a realistic assessment of the context and resources to find the appropriate response. Successful peacebuilding requires long-term commitment and a realisation that the results will not be delivered overnight.

3. External facilitation and support

As mentioned above, initiatives by others – including international donor agencies, government and civil society – have often been effective in catalysing and supporting a peacebuilding role for business. All the material gathered in this study has implications for external actors' interactions with local businesses, and the manner in which economic development is approached in conflict-prone societies – and some lessons have already been drawn out above and in individual chapters. Understanding the complex relationships that different pockets of the private sector have to the conflict dynamics – and hence their subsequent potential to contribute to peace – is a critical first step for those who seek to work with business in such a way that the resources and instruments deployed are effective. This is as true for those who prioritise economic development as it is for peacebuilders. In the absence of such an understanding, initiatives are likely either to miss the opportunities that make best use of the private sector's capacities, or fall prey to obstructions by business interests opposed to peace. Below are some useful entry-points that should help others avoid exacerbating the negative links between business and conflict, while providing positive support to peace entrepreneurship:

■ **Conflict-sensitising economic interventions.** To date, international development agencies working to promote economic growth have tended not to integrate conflict analysis and sensitivity into their interventions, despite their commitment to doing so in more social or humanitarian spheres of activity. Economic interventions where conflict-sensitivity is fundamental include activities at the macro level of the national economy; privatisation programmes; and instruments that directly target local business actors at different scales including through Private Sector Development and micro-finance activities. Economic interventions should operate within the framework of a comprehensive development strategy, guided by ongoing conflict analysis. Failure to achieve this level of integration means that interventions could unwittingly exacerbate the structural linkages between economy and conflict, to the detriment of peacebuilding and growth alike.

■ **Convening and providing a platform for peace entrepreneurs.** A number of case studies in this volume 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. An emphasis on convening that allows business to formulate its own analysis and strategies ensures that the results will be rooted in a sense of ownership by the private sector, rather than being externally imposed. SDC's seminar with business, civil society and Maoist rebels in Nepal was a turning point in growing the business participants' understanding of their potential to contribute, as was Conciliation Resources' convening of economic figures in the Georgian/ Abkhaz conflict and International Alert's effort to provide safe spaces for dialogue between businesspeople in the South Caucasus, and also in Sri Lanka.

■ **Raising awareness and outreach.** Raising awareness of businesses' conflict-sustaining activities – where they exist – as well as their potentially positive impacts offers further avenues for support. One effective method is the provision of a platform where lessons from other conflict contexts can be shared so as to provide a source of ideas to 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, therefore pooling resources and expertise in specific initiatives is essential. Such partnerships help businesses to gain legitimacy and the trust of other stakeholders, especially if partners have an official mandate to work on peace-

related issues (for instance, peace secretariats, human rights offices, peace activists and movements with broad support). When it comes to peace advocacy and activism, the broader the alliance, the greater its influence.

- **Promoting enabling environments and business networking.** The type of environment in which business does its business, especially the governance factor, is critical to stimulating growth and also has implications from the perspective of peace entrepreneurship. In particular, external actors should recognise and support the active role that business can play in addressing structural and governance obstacles. The type of collective business action that facilitates peace entrepreneurship is made easier when business has sophisticated levels of organisation and networking – systems that can be mobilised to organise and implement peace initiatives. Chambers of commerce, national and regional sector-specific apex associations, and informal market traders' networks and representative bodies, are often deployed in the case studies reviewed in this book. Supporting such associations can indirectly facilitate a more constructive engagement in peacebuilding by business.

- **Promoting cross-conflict economic activity.** The potential for business to act as a 'connector' across conflict divides can be maximised when given international support. Informal markets emerge from this book as a particular locus of such activity, though they rarely receive the attention they deserve from an economic and peacebuilding perspective. When they are noticed, it is more often in the context of their role in facilitating war economies by acting as conduits for the smuggling of illicit goods. External parties can explore options for formalising, rather than criminalising, market activity, thereby contributing to job and wealth creation and crime prevention, while cementing ties between previously divided peoples.

- **Early planning.** Whatever the best route for stimulating peace entrepreneurship may be in a specific context, early analysis both of possibilities and the role of business in the conflict-affected society will be important. Making timely overtures to business that enable its own perspectives to be factored into planning will help ensure that initiatives are grounded in the realities it faces, as well as its actual capacities and readiness to engage.