The private sector as a stakeholder in inclusive peacebuilding

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Introduction

Any serious notion of 'inclusivity' in peacebuilding arguably cannot omit the private sector. Businesspeople, firms, financial institutions, for-profit collectives and others are important socio-political actors in addition to their economic role. In any given setting they may be capable of helping or hindering wider efforts to prevent conflict and consolidate peace. Policymakers and practitioners can conceivably advance their peacebuilding and development objectives by being more open to engaging business actors. Such engagement would look to better understand, influence and potentially harness these actors' peacebuilding-related impacts, interests and ideas.

There is now much greater policy receptivity to the private sector as a peacebuilding stakeholder, and much greater research attention paid to it. This growing interest is partly a function of wider development policy shifts. This is evidenced by the way major donors – and the new 2030 Agenda for Sustainable Development – have come to emphasise the private sector's vital role in meeting development goals generally (see box on SDGs). It also reflects outreach by business leaders, who are increasingly conscious of social impact, political risk and the limited capacity of public authorities to meet development goals unassisted, especially in post-conflict settings.

The ways in which commercial activity can contribute negatively to the onset, duration or severity of armed conflict are fairly well established. By contrast, viewing business actors positively, as peacebuilding partners or stakeholders, is fairly new terrain[1]. For some, the for-profit factor may raise questions about the legitimacy of including business in peacemaking or peacebuilding processes, although the private sector has an obvious social and developmental significance in most situations. It should therefore be logical that business representatives – like those of trade unions, religious organisations, women's groups, and so on – potentially be included in conversations and actions concerning sustainable peace.

What does it really mean to 'engage' the private sector in peacebuilding, beyond mere rhetoric about including 'all stakeholders'? What are the policy risks of closer relations, and how do policymakers decide which businesses might be appropriate dialogue or project partners? Why should businesspeople be interested in appropriate overt collaboration on peacebuilding? How have authorities ignored or indulged business interests in past conflict-affected situations?

Clearly, a whole research agenda exists on such questions. The intention of this brief paper is less ambitious. It aims to help bridge the gap between the recent rhetoric on greater private sector engagement, and what it means in practice to pursue 'inclusive' peacebuilding in relation to business actors. It sketches some issues worthy of further exploration and research and seeks to foster robust debate by offering a view on what may be the top three problems where 'the private sector' meets 'inclusive peacebuilding':

Conceptual clarity: What is meant by 'the private sector', and what activities are envisaged in promoting its greater engagement? This represents a call for greater conceptual and terminological precision in the emerging 'business for peace' field.

Mindsets and mandates: Has the private sector been a neglected stakeholder in peacebuilding; why, and how is this changing? This highlights the need to understand blind spots towards business, and for an empirical knowledge base to help future peacebuilders consider where entry points might exist to stimulate or harness peace-enhancing business activities.

Policy parameters: What is an appropriate role for business in peacebuilding, especially in going beyond just practising conflict-sensitive ('do no harm') approaches? This is a call for public authorities to take a clear-eyed, proper, but also pragmatic position on including business in peacebuilding strategies. It is also a call for greater understanding among policymakers of how private sector people think, and how to influence the working cultures of business counterparts. Standard vocabulary and concepts familiar to development officials may need appropriate translation to ensure business attention.

These three issues, which are explored further in the first section of this article, are related: until clearer conceptual understandings and more robust, reassuring policy parameters exist, those in the public or civic sectors will probably remain both ill-equipped for and ambivalent about engaging business appropriately in fulfilling peacebuilding mandates. The article's final section proposes some priority practical actions.

The private sector and the Sustainable Development Goals

'…Promote peaceful and inclusive societies for sustainable development…' Goal 16

'Inclusivity' is central to just and sustainable development, and is expressly mentioned in many of the Sustainable Development Goals (SDGs) of the 2030 Agenda for Sustainable Development. 'Peace' is only expressly mentioned in one (Goal 16), and the private sector is mentioned only once in terms of promoting partnerships (Goal 17, target 17.17).

However, the SDGs reveal and reflect multiple links between sustainable development and the prospects for peace, from reducing inequality to combating desertification. Meanwhile, the private sector is clearly heavily involved or interested in many SDG issues, from 'sustainable consumption and production patterns' (Goal 12) to 'industrial innovation' and 'job creation' (Goals 8 and 9).

Importantly, the SDG-related role and impact of the private sector is not limited to what might be done through public-private partnerships for development. Explicit cross-sector partnering on peacebuilding may be difficult. Still, business actors can contribute to conflict-prevention and to building peace in various ways without necessarily entering the more formal partnerships envisaged in some SDG implementation debates. Policymakers can also promote and reinforce private sector peace-related contributions, dialogue and collaboration in ways that do not require partnership structures to exist.

Towards conceptual clarity

Identifying 'the private sector'

This paper does not seek to elaborate generic concepts of inclusivity, nor dwell on definitions[2]. However, current debates on the private sector and peacebuilding would be significantly advanced through greater attention being paid to who or what is meant by 'the private sector'. Here policymakers and researchers display insufficient awareness of the huge diversity both between and within various businesses and financial sector. Until peacebuilding organisations and authorities better understand the business and financial map (generally and in specific political economies), they will be ill-equipped to identify and pursue opportunities to harness legitimate private sector contributions.

Even within the same industry sub-sector, different companies vary significantly in size, form of incorporation and financing, national 'origin', and so on. They will generally differ in the inclination of their leadership towards peace, organisational cultures, resources and capacities, incentives, timeframes, risk appetites and levels of legitimacy. A small, agile, unlisted, early-entry, light-footprint gas exploration firm that never develops any concessions will have a very different peacebuilding profile from that of a multinational energy company with multi-decade, multi-billion dollar investment and operation horizons.

This debate also often omits informal economic actors and increasingly significant state-owned enterprises that are major for-profit actors, even if not 'private' as such. Analysis often focuses on particular physical sites rather than complex supply chains, or on Western branded and listed firms. There is a tendency to focus on micro-level impacts (for example of an agribusiness plantation) rather than on macro-level structural features of particular global industries, which may have far more significance for peace prospects (for example, global staple food commodities trading-houses). Some current debates and organisational mindsets in this field tend to valorise and romanticise local small or medium-scale enterprises while displaying automatic distrust of multinational firms. These value-laden assumptions are no substitute for objective analysis of the peacebuilding impact or potential of various entities[3].

'Business for Peace' and other initiatives

Historically, there has been insufficient attention paid to the role and interests of business actors in peacebuilding dialogues and processes[4]. There is growing discourse among policymakers on engaging business in peaceful development. Notable examples include:

2011: The UN Guiding Principles on Business and Human Rights outline the special responsibilities of investors in fragile and conflict-affected zones.

2012: For the first time, the UN Secretary-General's annual report on peacebuilding expressly calls for engagement with the private sector in these processes.

2013: The UN Global Compact launches its 'Business for Peace' initiative, with its inaugural global event following in September 2014.

2014: The first Global Partnership for Effective Development Cooperation summit puts emphasis on the vital role of the private sector as a player and partner.

2015: The seventh 'Business for Peace Awards' in Oslo reflects growing business leadership on conflict transformation, also evident at the Economic Forum in Davos and at other events.

This greater attention begs the question of whether there is a risk of overstating the private sector's role in peacebuilding. In this scenario we would shift from what for a long time has been a blind spot in relation to business as a stakeholder, towards wrongly seeing the private sector as some kind of panacea for addressing conflict through development. Business interest in peacebuilding cannot be assumed: more analysis is needed, for example, on the peace-related incentives, interests and capacities of business actors and sectors – generally and in the political economy of specific contexts.

BUSINESS
FOR PEACE
FOUNDATION

A framework for 'business and peace'

Currently, and despite the new attention to 'business for peace' ideas, there is no clear framework for analysing the private sector's role in or impact on peacebuilding. Current debates often offer little to advance understanding about how business players can enhance peacebuilding, what counts as positive impact, and how to measure or attribute this to business actors and activities. Sometimes no distinction is made between peacemaking and peacebuilding impacts or contributions, although it may be more controversial to conceive of the private sector being involved in peace negotiations than in post-settlement recovery and reconciliation. In practical terms, the lack of rigour in much 'business for peace' debate leaves policymakers and researchers without analytical concepts to help assess whether, when and how to engage with business as a peacebuilding stakeholder, which businesses to engage with, or how to assess private-sector contributions.

A basic framework could distinguish four different ways in which the private sector can contribute to peacebuilding:

- direct versus indirect impacts or contributions;
- explicit, overt versus unintended impacts/contributions;
- unilateral (single enterprise or site) versus joint or pan-business initiatives; and
- local versus national-level, regional or international-level peace contributions.

Various combinations of these four dimensions can exist, and may contain contradictions. For instance, a major extractive sector project may directly improve conditions for peacebuilding in its local area of operations, yet indirectly its revenues at the national level may help to support an aggressive, oppressive state security apparatus. This reality raises complex questions about whether and how one measures the 'net' peace impact of a firm or project or sector. When that impact is measured will also matter: a project that initially proves 'peace-positive' may trigger violence years later, and vice versa[6].

CONTENT

Historic examples of business inclusion in peacebuilding

The growing focus on 'business for peace' narratives (outlined in the previous box) can obscure how the inclusion of business voices in fairly overt peacemaking and peacebuilding is not a new phenomenon[7]. In fact, an International Chamber of Commerce representative was included in the negotiations that resulted in the 1948 United Nations Charter. Historically, there are many examples of business people and private sector umbrella groups encouraging or facilitating peacebuilding links. Sometimes this has involved business-to-business links across social divides, with an indirect effect on high-level peace talks (for example, in Cyprus). In other places, business groups have directly lobbied high-level political actors to encourage them to 'come to the table': in Northern Ireland, the Chamber of Commerce played a brokering and supportive role in the 1990s; in late apartheid-era South Africa, big business became closely involved in encouraging inter-party dialogue towards a peaceful democratic transition.

In order to foster inclusivity in seeking sustainable peace in future scenarios, however, more research is needed to understand the actual or potential influence that business actors have had on peace dynamics in past cases. For example, what precise roles have foreign oil firms played in encouraging peace dialogue in South Sudan's recent civil war? Did the fact that these firms were state-owned affect whether or how they accepted or played any such role, or how their peace interventions were perceived?

Mindsets and mandates: issues in an emerging 'field'

As the policy, practice and research around including business actors in peacebuilding strategies mature, there are a number of substantive questions and issues that require more rigorous attention. A few are listed below with the intention to stimulate debate:

The politics of business

The highly political nature of both peacebuilding and business activities are often under-recognised. The notion that 'peacebuilding is politics' explains the private sector's wariness of any overt role, but the issue goes deeper. Much current debate posits 'businesspeople' and 'peacebuilders' as distinct groups, one with economic interests and motivations, and the other with social and political ones. The assumption is that there is a need to help them engage more.

This is problematic because it obscures the fact that in any one setting the major business players may also be the most significant political actors, or be closely aligned. On the other hand, some public-sector actors see business relationships as so fraught with risk that they avoid engaging. It is not necessarily less political to engage regularly, as peacebuilders routinely do, with civil society groups, political parties, trade unions and others. The question here is: what is it about the for-profit factor that makes engaging with business any more difficult, risky or political than engaging with civil society or local political parties?

Assumptions about investment and peace

Some current policy approaches assume that if only business could be attracted to invest in fragile states, peaceful development would follow. What is the relationship between promoting new or greater business activity and peacebuilding success, especially in highly divided or unequal societies? What assumptions exist about 'peace and prosperity' being mutually reinforcing? Does reducing unemployment necessarily reduce conflict risk? Many donor and multilateral agencies tend to see investment-promotion, including in natural resources, as the key to helping fragile, conflict-affected or transitional societies (such as those in Myanmar or Afghanistan) to reach a stable, self-funded, job-rich development path. It is true that economic recovery plays a key role in sustaining political settlements, and private sector investment (local, foreign and diaspora) may be critical for economic recovery[8]. However, some related assumptions require unpacking. This is because new projects, revenue streams or economic growth patterns could just as easily exacerbate conflict risk as reduce it; youth job-creation may not necessarily improve peace prospects; new resource developments could trigger conflict rather than bring divided societies together, and so on. Indicators measuring business confidence, investment or growth will not necessarily be useful indicators of peacebuilding progress.

Peace symbol arranged from pennies.

Linking mandates and mindsets

Organisational leadership and messaging on including business in peacebuilding strategies are key to practical programming efforts. 'Mandates' here refers not just to formal institutional frameworks but also to the creation of permissive policy environments for innovation in engaging business in promoting 'peaceful and inclusive' societies (SDG 16). As the final section of this paper sets out, internal postures adopted within donor, development and humanitarian agencies constitute a large part of the challenge in identifying and exploiting opportunities to harness business contributions to promoting sustainable peace.

More research is needed to understand why the enthusiasm at the policy leadership level does not appear to be matched by staff-level practitioners. Why is there residual ambivalence about business as a peacebuilding stakeholder or partner? In what ways is this caution unreasonable and why is it understandable? One necessary step in shifting ambivalent mindsets is to adapt formal organisational mandates to ensure decision-makers feel assured in the perceived risky process of seeking out and engaging the private sector. However, formal mandate adjustment is not enough. Perhaps easily accessible and reassuring 'success stories' of private sector contributions to peacebuilding are needed.

Beyond a 'do no harm' approach?

Some proponents of 'business for peace' initiatives posit a direct, intentional role for business actors in reinforcing peacebuilding both through operations-related efforts, including balanced hiring policies, and beyond standard business activities, such as engagement in reconciliation or dialogue. However, more applied policy research is needed to define appropriate actions for private sector actors in taking on a more overt or express role in promoting peacebuilding objectives. We know far more about the less ambitious (and still difficult) approach of being a responsible, conflict sensitive employer and investor[9]. In what circumstances might business go further, how can policy stimulate this, and when is it appropriate to do so?

Understanding business incentives

Even if a peacebuilding agency or authority adopts an internal policy on engagement with business actors to foster investment or activities in support of peace efforts, this is only part of the equation. What makes business response to such outreach likely, and likely to be sustained? More careful analysis is needed, informed by management theory beyond peace and conflict studies, on the reasons that the private sector might be inclined or incentivised to invest in fragile areas, or to partner in peacebuilding initiatives. Policy-makers arguably lack thorough understanding of what drives business decision-making in fragile or peacebuilding contexts. This inhibits efforts to engage business, but also obscures opportunities for innovation, such as specially tailored financial responses to fragile states, from political risk guarantees to the issue of social impact or diaspora bonds. Policy-makers' lack of familiarity with commercial considerations also affects their ability to help financial services firms, for example, to lobby against security-related blanket bans on remittances to fragile states.

Balancing the state, investors and communities

As noted, a business can help to build local peace while unwittingly contributing to national conditions that are contrary to the overall greater quality or quantity of peace. External actors (donors and others) often face tensions between support for centralised state institutions and the pursuit of localised community-oriented objectives. This dynamic can become more complex where, for example, large, foreign-owned, resource-impacting projects are at stake. More research is needed on how peacebuilding strategies can incorporate responsible businesses' engagement in ways that are palatable to local and national authorities, and inclusive of legitimate community perspectives. One reason for the ambivalence of policy-makers, as discussed above, is the sensitivity of prioritising among partners from various foreign, diaspora and local businesses. Balancing support to formal sector firms with informal enterprises will often be a challenge, although much scope exists for innovation in linking the success and maturity of informal businesses with the supply and servicing needs of larger and more formal ones, in ways that can help build social cohesion.

Not neglecting the macro perspective

Most attention so far in this field has been on localised peace-related impacts (positive or negative) of particular projects and investments. Insufficient research has focused on how structural factors in the global political economy of investment, trade and financial flows might reinforce or undermine peacebuilding efforts. Trading in staple commodities by private sector actors in global markets, for example, may be far more significant to overall peacebuilding prospects than micro-level adjustments to business practices around community relations. Such forces are very hard to track or influence. Global market shifts traceable to dominant commodity market players could undermine any localised efforts involving business. Such macro shifts could also provide prevailing background conditions conducive to consolidating peace despite the existence of localised challenges at the micro level. The challenge is that such forces are very hard to track or influence.

Linking the private sector, taxation and capital flows

'Business and peace' inquiries can be cast too narrowly, overlooking structural issues. Moreover, few scholars and practitioners in this area are literate in the technical but vital issues of development financing such as tax policy options in high-risk investment settings. These issues affecting the national political economy are harder for individual private sector actors to influence positively but may be far more critical than whether firms adopt community-friendly outreach or social investment policies. Thus, a focus on what individual, responsible companies can do to promote peace communities can obscure attention to more fundamental issues of the private sector's role in and impact on the state's longer-term development strategy. Peace prospects are closely linked to the state's legitimacy and effectiveness in providing social services and infrastructure in inclusive ways. Research and policy discussions on 'inclusive peacebuilding and the private sector' must factor in how private investment and enterprise relate to the state's capacity to raise and spend revenue in ways that are transparent, that promote social harmony and reduce conflict risk.

There is growing recognition of the impacts of corporate tax minimisation or evasion on the capacity of poorer states' for self-financed development. In parallel, larger companies in fragile and post-conflict countries are facing pressure to account for how revenues are levied and used by host governments and influence state spending of revenues related to major development projects. Future work on 'inclusivity' in peacebuilding as it relates to the private sector should cover what private sector actors of all sizes can reasonably be expected to do to ensure that their activities support emergent taxation, regulatory and budgetary capacity of the post-conflict or fragile state of host countries. External expertise on facilitating private investment that could underpin a viable welfare state may, for example, be just as important to long-term peace prospects as external expertise on drafting new human rights laws. Yet, in terms of their staffing profiles post-conflict peacebuilding missions and agencies have focused heavily on the latter sort of effort (building public institutions) and generally have little or no expertise on how to work with business.

Business, peacebuilding and cross-cutting themess

There is currently only a weak or incidental body of empirical and conceptual work linking the discourse on private sector engagement in peacebuilding to cross-cutting developmental themes such as gender, green growth, HIV/AIDS or youth empowerment. In particular, more work is needed to explore experiences of women in the private sector from participating in peacebuilding processes, and positive or negative impact of business activity during peacebuilding periods on women. Could future attempts at public-private cooperation on cross-cutting themes, such as women's safety in and around the business workplace in fragile states, serve a secondary function in also providing insights into the generic issues that help or hinder cross-sector partnering on issues of development and peacebuilding?

Mapping a research and evaluation agenda

As noted in the first section, more work is needed on how one might credibly define, measure and attribute the positive peacebuilding impact of the private sector, generally and in particular cases. These methodological issues are common to all peacebuilding efforts[10]. In particular, caution is required, because 'peace' and 'stability' are not the same thing. Investors might be content with some forms of undemocratic stability that do not qualify as 'positive' peace. Policy-makers may be challenged by the inertia of investors towards efforts to transform stability into more inclusive and democratic peace?

Policy parameters: postures towards business

The following are three practical issues that policy-makers and practitioners might consider as priorities in extending 'inclusive peacebuilding' notions to the private sector. Two are internal organisational exercises: the other involves external engagement:

Resolving mandates on business: Donor, government and civic agencies should spend time developing a generic, 'principled but pragmatic', internal policy on how they see private sector engagement relative to their peacebuilding mandates, and how, when and with whom they will engage. In addition to formal policy amendments, this will require a shift in organisational culture, along with leadership in reassuring both business executives and policy-makers that it is appropriate to engage more closely and develop cooperative relationships even in fragile or post-conflict countries where the corruption risk is perceived as high.

Mapping business interests in particular settings: Agencies operating in peacebuilding contexts should make it standard to map business stakeholders as they do political and societal ones. Which private sector actors have a stake in peaceful development? What help in practice can they bring to peacebuilding in terms of ideas, insights, resources, etc.? What policy risks to engagement or partner-selection exist and how can these be mitigated? This internal due diligence exercise is a prerequisite for 'inclusive' engagement and outreach towards business.

Explore dialogue in an appropriate way: Peacebuilding practitioners are familiar with engaging with non-state and other potentially controversial actors during peacebuilding. Arguably, as noted, the risks are no different in developing relations with the private sector. Informed agencies can become innovative ones. They can take risks and begin to explore dialogic, information-sharing, collaborative links with the private sector in ways that may support peacebuilding and development objectives.

One general challenge facing those seeking to engage the private sector in the peacebuilding agenda is to widen awareness, debate and uptake beyond a relatively narrow circle of existing business leaders. This group is already persuaded of the alignment of public and private interests in peaceful and prosperous developmental paths, and is seeking action and influence. Looking beyond these leaders, what is involved in advancing 'business for peace' as a normative worldview adopted by business enterprises more generally? How can the business-peace nexus, which mainly involves public policy scholars and practitioners, be connected across disciplines with business studies and become mainstreamed in familiar corporate responsibility debates on how business can profit from improving its social impact?

Conclusion

The private sector, comprised of incredibly diverse actors with varying interests and capacities, has been an under-appreciated stakeholder in peacebuilding. Development and peacebuilding initiatives should at least explore a greater role for the private sector in information-sharing, dialogue and strategy development, capacity-building, convening and other peacebuilding activities.

Formal public-private partnerships are not easy to build or sustain, but are also not the only avenue for engagement and collaboration. What is mainly required is a considered policy orientation, within organisations, towards exploring and maximising the role that the private sector can play in peacebuilding. Overt business engagement may be rare, but considerable scope still exists to engage various sectors and supply-chains in promoting conflict-sensitive procurement and other practices.

Three things are worth emphasising in future approaches. First, the private sector's members, roles and impacts, while diverse, are typically highly political in fragile states: this is not just a set of apolitical economic actors. Second, even if one adopts a proactive approach to engaging business actors, they may be unresponsive due to limited interest, skills, legitimacy, or risk aversion. Third, in fragile settings even conflict-sensitive investment projects can have unexpected consequences for peace. Thus, while inclusive peacebuilding processes ought to include business actors, caution is required in order to avoid making simplistic assumptions.

Unsurprisingly, much will depend on the context, including the historic role of business actors in the country's conflict dynamics. While 'inclusivity' should extend to the private sector, it is unreasonable to put faith in highly engaged 'business for peace' approaches as some sort of panacea for accelerating efforts to foster more peaceful and inclusive development.

Notes

1 The contemporary debate can be viewed as having taken off with the 2000 publication of Jane Nelson's report, 'The Business of Peace' (London: International Alert).

2 See Development Dialogue Paper no. 13 (May 2015), 2-3. (www.daghammarskjold.se/publication/local-perspectives-on-inclusive-peacebuilding-a-four-country-case-study/)

3 Jolyon Ford, Regulating Business for Peace (New York: Cambridge University Press, 2015).

4 Ibid.

5 Rob Bailey et al, 'Investing in Stability: can extractive sector development help build peace?' (London: Chatham House, 2015).

6 Bailey et al, 'Investing in Stability'.

7 In colonial times, some large firms engaged in both war-making and diplomacy/peace-making.

8 For one recent DfID overview, see Katie Macintosh and Joanna Buckley, 'Economic Development in Fragile and Conflict-Affected States: a topic guide' (Birmingham: GSDRC, 2015).

9 See, for example, Andreas Graff and Andrea Iff, 'Conflict-Sensitive Business Practices: review of instruments and guidelines (Bern: Swisspeace, 2014).

10 Bailey et al, 'Investing in Stability.

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