

CSR in conflict and post-conflict environments: from risk management to value creation

Maria Prandi and Josep M. Lozano (Eds.)



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Introduction

The book presented here closes a trilogy that seeks to identify, evaluate and promote the role of companies with regard to the three founding pillars of the United Nations: human rights, development and peace-building. The book *A Practical Handbook on Business and Human Rights* was published in 2006. Later, in 2009, a reflection on companies' potential to combat poverty on a worldwide scale was published in the book *Can Companies Contribute to the Millennium Development Goals? Keys for Understanding and Acting*. Now, through this volume, we are offering a survey of the different approaches taken by the private sector towards peace-building in countries in conflict and post-conflict. This reflection is actually related to an extremely timely question today: the role of non-state actors in world governance. This publication aims to debate whether this role is a risk or an opportunity, and for whom.

The first idea that emerges from this joint reflection is that each of these three spheres – human rights, development and peace – is interconnected, especially in so-called complex settings, and that this connection should be intrinsically reflected in corporate social responsibility (CSR) policies, not only in their content but also in how they are constructed. Indeed, in a country in the midst of post-war reconstruction, with major physical destruction coupled with serious social fractures, the sum of each of these elements is what gives CSR policy an integrated perspective. Conversely, the lack of one of these ingredients in CSR policies clearly jeopardises advances in the other spheres.

Another of the reflections prompted by this book is that CSR cannot be disassociated from the context in which it operates; rather it should reflect and respond to the challenges (human, technological, environmental, etc.) in the company's immediate setting, that is, on a local scale, which are actually linked to the challenges facing humanity globally. Many of the business operations and direct foreign investments worldwide take place in countries in the midst of conflict or post-conflict. Broadly speaking, these countries may be appealing to business in several respects, such as the exploitation of natural resources, large markets or beneficial production costs, among others. Therefore, despite the fact that they are complex and often insecure settings, they have attracted companies operating worldwide or have some kind of national business community that feeds the global supply chains, from either the formal or informal economy. In some cases and over time, the contribution of this private capital is equivalent to or higher than the aid coming from international donors, so its weight in the country's economy, on both micro and macro level, is crucially important. However, as shown by the different authors, the orientation or perspective of both the company and its CSR policy in these fragile settings can lay the groundwork for the consolidation of peace, or to the contrary, they can contribute to rekindling the causes of the conflict.

On the other hand, there has traditionally been a belief in the contributions of donor countries and aid programmes to the public sector in a country's reconstruction. However, some theoreticians claim that more and more governments of developing countries in post-conflict situations are calling on a greater role for trade and a lesser role for international aid, arguing further that the world economic crisis is lowering the amount of funds earmarked for international aid. In this way, the statistical model is giving way to hybrid development models in which certain emerging countries (Brazil and China) are beginning to invest at levels similar to the large international aid agencies, especially in the mining and hydrocarbon sectors, thus reflecting their own model of development. This phenomenon thus attaches rising importance to the inclusion of the peace-building perspective in CSR policies.

In order for a company to contribute to peace, it must adopt what has been called in humanitarian jargon a "conflict sensitivity" perspective. This means that, based on an analysis of the conflict, the company must understand and anticipate its interaction with the context in an effort to avoid negative impacts and maximise positive ones in the process of peace-building. Through the "Do No Harm" theory, companies must also be capable of fostering "connectors", that is, elements that lower tension, and minimise "dividers", that is, those that potentially increase the violence within their area of influence. Being conflict sensitive does not necessarily mean that the company should get involved in peace-building actions, but it does mean that at the very least it should not negatively impact the conflict or the process of consolidating peace.

Today many companies have adopted human rights policies and are accountable for them, yet few still take into account the specificity of operating in these contexts in their CSR policies. However, as this book demonstrates, there are significant experiences of companies that are participating in peace-building in numerous countries, thus playing an increasingly important role in issues that affect global governance. The role of private enterprise as an actor in armed conflicts has been intensely studied and has been the subject of heated controversy in recent decades. Other more recent currents identify and describe companies' potential role in peace-building. National and international companies have developed peace-building policies by supporting the generation of entrepreneurship and job opportunities for vulnerable populations, building bridges among communities, actively supporting peace negotiations or adapting their products to the setting. Without getting into an in-depth analysis of the pros and cons of this participation, this publication spotlights the factors in sustainable CSR during conflict and post-conflict, and it offers specific guidelines for companies that want to adopt a strategic vision in this sphere.

The book is divided into four parts. **Part One** contains an overview of armed conflicts today, their characteristics and their impacts. After analysing the private sector's responsibilities in terms of International Humanitarian Law (IHL) and their implications in the company's security management, the economic dynamics prevailing in contexts of post-war construction are presented. The chapter closes with a presentation of the theories on conflict sensitivity and their application to the business sector. The next chapter explores how the role of private enterprise in peace-building entails fulfilling a series of conditions, such as knowledge of the conflict and its actors, the need to adapt CSR policy to the complex setting through stakeholder relations, and the generation of public-private alliances, which in turn foster connectors in a company's area of influence. Taking relations with their different interest groups as the point of departure, practical examples and general guidelines are offered for building a conflict-sensitive CSR policy whose priority avenue of action is the populations in a situation of vulnerability as a result of the armed conflict.

In **Part Two**, Camilla Schippa's article stresses the economic value of peace and how it can be measured in economic terms. According to this expert, an improvement in the situation of violence can transform the global economy and free up the wealth needed to finance economic expansion and create a more sustainable economic climate. Achim Wennmann, in turn, explores how the economic dimensions of an armed conflict may resolve problems and build bridges to support peace processes. The private sector thus becomes a crucial ally in peace processes. Wennmann believes that addressing economic issues in peace processes has the potential to shape new visions for the future and strengthen transitional agreements, which should include the skills and experience of the private sector as a cornerstone for the peace that comes after the conflict. To close this second part, Angelika Rettberg describes the different roles that the private sector has begun to play in peace-building through several different cases. She analyses some of the motivations behind the private sector's participation in peace-building, focusing on the argument which holds that the high economic costs associated with a conflict can actually push the company to act on behalf of peace-building. However, she also warns that in order to generate the conditions that permit constructive, lasting participation by the private sector, more exhaustive knowledge of the settings and the complex motivations that guide economic activity and business behaviour in unstable settings is needed.

The different authors in **Part Three** set forth the risks and opportunities facing companies operating in complex settings. Angela Rivas analyses the innovative peace-building actions that several companies have conducted in Colombia, even though they were facing a high-risk setting. To do so, she talks about the concept of "peace entrepreneurs" and the need to keep working on multi-actor initiatives to address extraordinarily complex issues like security, human rights and International Humanitarian Law linked to business action. Aitor Pérez and Carlos Fernández explain why international companies can play an important role as development agents in the realm of post-war reconstruction and how the efficacy of development cooperation can be enhanced by bringing development and peace-consolidation strategies into companies by adapting their instruments and spreading certain principles of humanitarian action among the private sector. Their research includes two case studies in Angola and Bosnia-Herzegovina in which international companies from different sectors within the construction industry took part. In turn, Rina Alluri analyses how tourism in Rwanda is contributing to the creation of peace after the conflict. Starting with a general overview on how this sector has developed since the end of the conflict, Alluri evaluates how several specific projects are contributing to greater efforts towards creating peace. According to this expert, Rwanda is an example of a country in which tourism has emerged as an industry capable of contributing not only to jobs and economic development but also to building local bridges, raising awareness and conserving the environment. To close the third part, Esther Hennchen presents the role of the extractive industry in sustainable development and peace in Nigeria through the case study of Royal Dutch Shell. After analysing the dimensions of the conflict in the Niger Delta and the role that Shell plays there, Hennchen concludes that Shell's policy has not managed to alleviate the negative social and environmental impact of oil production on the local communities. According to this author, the oil companies have to radically rethink what they consider corporate social responsibility to be in the region and what a more effective approach might be to their twofold role as economic and political agents in such a complex and conflict-prone zone as the Niger Delta.

Finally, **Part Four** of this book presents three business peace-building initiatives, two of them in Colombia and the third in countries in sub-Saharan Africa. Grupo Éxito

presents its strategy with the vulnerable population in Colombia, which includes those who have been either actors in or victims of the armed conflict (displaced persons, the disabled, mothers who are heads of households, reinserted former combatants and victims of the violence). According to Luz Angela Zuluaga, given the problems of violence in the country coupled with one of the highest unemployment rates in Latin America, it is essential for private enterprise to take on social commitments. At Grupo Éxito, the issue of workplace inclusion of vulnerable populations is top priority in its CSR policy, and it seeks to provide training opportunities for work and workplace insertion to people that society marginalises because of their different characteristics, characteristics which have been acquired as a result of the armed conflict. For Microsoft, the MI LLAVE programme recognises that the problems faced by the demobilised and displaced population cannot be resolved by a single organisation. According to Jorge Silva, it is necessary to set up alliances that offer communities alternatives and create opportunities for improving their quality of life and personal development. For this reason, Microsoft focuses on joint efforts with NGOs, the private sector and the public sector, in addition to coordination with local partners so that efforts can be joined based on the strengths of each stakeholder. Finally, Heineken explains its healthcare provision strategy in complex settings. After studying the healthcare needs in this kind of country, the authors Katinka C. van Cranenburgh and Daniel Arenas outline the motivations leading the company to develop a healthcare policy as well as the debate on the limits of this policy. From this perspective, and in contexts of fragile governance and post-conflict, Heineken believes that the provision of healthcare from the private sector contributes significantly to stability and development.

Finally, we would like to thank the ICO Foundation and especially the head of its Economic Department, Silvia Consuegra, as well as the Spanish Development Cooperation Agency (AECID) for their help in bringing this project to fruition. Without their unconditional support, this publication would never have seen the light.

We would also like to thank the co-authors of this publication for their contributions and reflections on such an innovative and complex topic as this one. It has been a pleasure to share with them a space of dialogue on the overarching issues in the debate and the dilemmas posed when analysing the role non-state actors can play in peace-building.

We would also like to express our gratitude to the people at the School of for a Culture of Peace, namely Cécile Barbeito, Maria Cañadas, Dorys Ardila, Gema Redondo, Eneko Sanz and Vicenç Fisas, for their time, support and advice on some of the materials presented, and to spotlight the logistical support from the entire team at the Institute for Social Innovation in making this project a reality. We would also like to express our appreciation for Josep M. Garcia, Pep Maria, Myriam Criado, Ketevan Knoszadze and Maite Muller for their relevant ideas and intriguing reflections.

Finally, we hope that this publication is useful for readers and contributes, to the extent possible, to making headway towards what CSR should be in the 21st century.

Maria Prandi
Josep M. Lozano

October 2011



Part One:

Building peace through business

From armed conflicts to peace-building

Maria Prandi, Head of the Business and Human Rights Programme, School for a Culture of Peace (Universitat Autònoma de Barcelona)

Introduction

Many business transactions and direct foreign investments on a worldwide scale take place in countries in conflict or in post-conflict. Broadly speaking, these countries may have several kinds of business potential, such as the exploitation of natural resources, large markets and advantageous production costs, among others. Therefore, despite the fact that they are complex and often insecure settings, they have attracted businesses that act globally or harbour certain domestic businesses that feed the supply chains globally through either the formal or the informal economy. Sometimes, and over time, the contributions from this private capital are equivalent to or higher than the aid from international donors, meaning that their role in the country's economy, at both a micro and macro level, is crucial. However, in these fragile settings, the orientation or direction that this injection of money takes can lay the groundwork for the consolidation of peace, or to the contrary it can contribute to reviving the causes of the conflict, as analysed in this chapter.

31 armed conflicts were recorded in the world in 2009

1. Armed conflicts today

If we analyse conflicts internationally, we can see that the end of the Cold War did not lead to a drop in the number of armed conflicts. In any event, 31 armed conflicts were registered in the world in 2009, fourteen in Asia, ten in Africa and the others in Europe (three), the Middle East (three) and the Americas (one). The most intense armed conflicts were in Afghanistan, Colombia, Iraq, DR Congo (east), Pakistan (northwest), Somalia, Sri Lanka, Sudan (south) and Uganda (north).¹

In these violent settings, an amalgam of armed actors, both legal and illegal, exert their power somewhere in the territory.² Today, the conflicts tend to involve the government or its armed forces against one or more armed opposition groups, although they can also include other illegal groups like clans, guerrillas, warlords, armed groups at odds with each other and the militias of ethnic or religious communities. Even though the instrument of war used the most often is conventional arms, and within this category light weapons (which are the cause of most of the deaths in the

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conflicts), in many cases other means are used as well, such as suicide attacks, other kinds of attacks, sexual violence and even hunger (Escola de Cultura de Pau, 2010). This is particularly important in that the characteristics of the wars have changed over the past decade, shifting from conflicts between states to internal wars with a higher impact on the civilian population. Finally, it should be noted that both the victims and the perpetrators of war crimes are part of the set of stakeholders that companies have to take into account when operating in this kind of setting. Companies should not remain distant from the setting in which they operate not only to minimise risks but also to identify to what extent they can bring peace-building elements that both serve their interests and help to consolidate peace in the country.

Countries engaged in armed conflict in 2009

Africa

Algeria
Chad
Ethiopia
Nigeria
Central African
Republic
DR Congo
Somalia
Sudan
Uganda

Americas

Colombia

Asia and Pacific

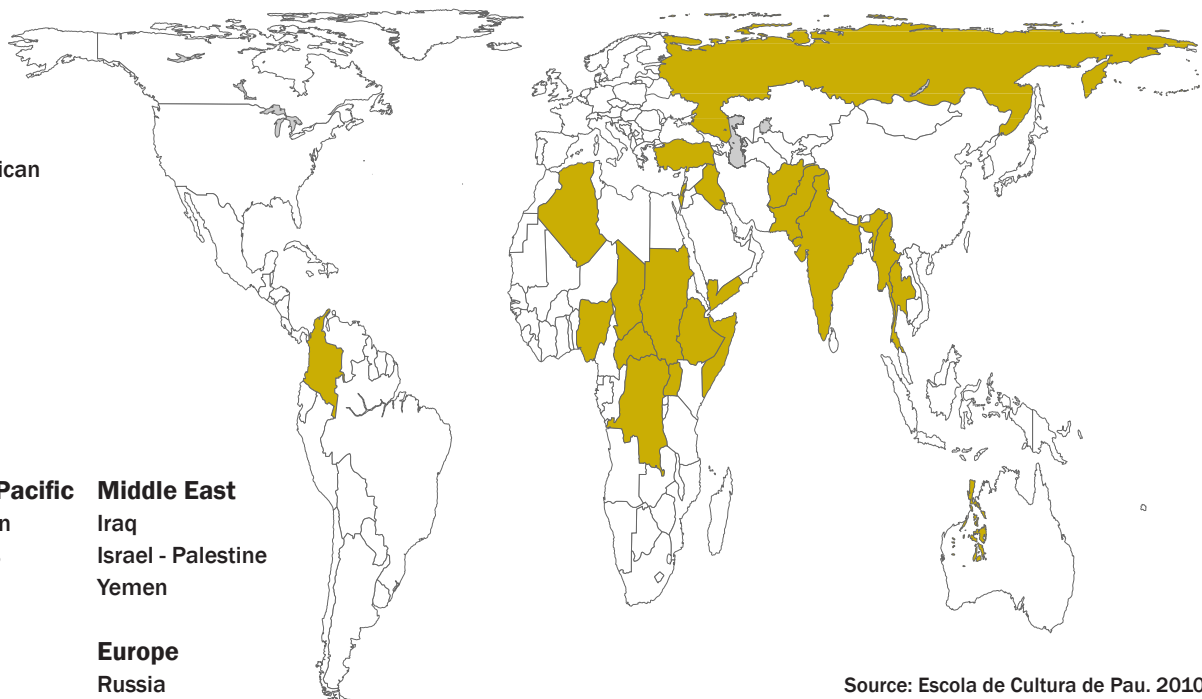
Afghanistan
Philippines
India
Myanmar
Pakistan
Sri Lanka
Thailand

Middle East

Iraq
Israel - Palestine
Yemen

Europe

Russia
Turkey

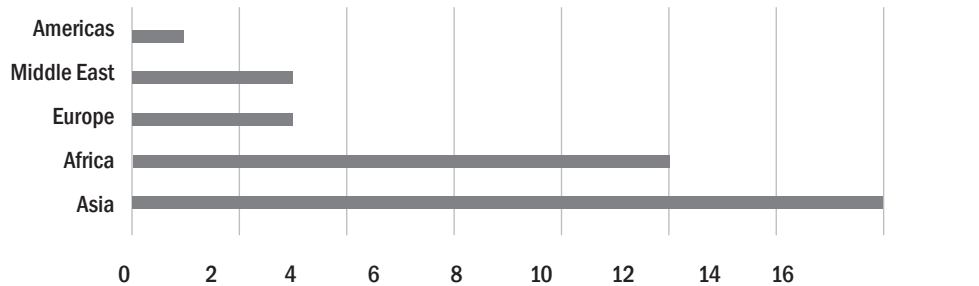


Source: Escola de Cultura de Pau. 2010.

According to the Escola de Cultura de Pau (2010), the majority of armed conflicts in 2009 (approximately two-thirds of them) were linked to identity-based aspirations and demands for greater self-governance by one of the parties. In addition to these cases, there are also several countries where control over natural resources and the land is a key issue in grasping the origin and dynamic of the disputes. This is particularly evident in the cases of Iraq, Nigeria (Niger Delta), Pakistan (Balochistan), DR Congo (east), Sudan (Darfur) and Sudan (south), although in many other cases control of or access to resources also played some role in feeding and heightening the dispute.

If we count the conflicts globally following a regional criterion, we can note the pre-eminence of Asia and Africa, which far outstrip the other continents in terms of the number of conflicts, as seen in the graph below.

Regional distribution of the number of armed conflicts (2009)



Source: Escola de Cultura de Pau (2010).

On the other hand, if we analyse the characteristics of the conflicts by region, we can draw certain parallels and divergences among them, as shown in the box below.

Analysis of the conflicts by region (2009)

Broken down by region, the majority of the conflicts in **Africa** are linked to the struggle to gain or erode power due to opposition to the government's internal or international policies. The second main feature of the conflicts in Africa is their regional dimension, in terms of both the prominent role played by the governments of many neighbouring countries and the bases that many armed groups have in nearby countries. Another characteristic of the armed conflicts in Africa is the high number of armed actors. Thus, in the cases of DR Congo (east), Somalia, Sudan (Darfur) and Nigeria (Niger Delta), there are more than ten armed actors actively involved in the hostilities, while there are at least four armed actors involved in another seven conflicts.

In **Asia**, unlike in Africa, more than 70% of the armed conflicts are linked to demands for self-governance and identity-based aspirations, and the majority of them (64%) are eminently internal. However, there are also cases with a clear and determining international dimension, such as Afghanistan, India (Jammu and Kashmir) and Pakistan (northeast). The average length of conflicts in Asia is more than 26 years, clearly the highest in the world. Regarding the actors, in Asia there are conflicts with armed groups with a high capacity to wage war and even wrest control of the territory, such as the CPI-M in India, the NPA and MILF in the Philippines and the LTTE in Sri Lanka (before being defeated in the first few months of 2009). Another feature of the conflicts in Asia is that some states, such as India, the Philippines and Pakistan, are the home to several armed conflicts at the same time, all with different causes, war dynamics and locations around the country.

In **the Americas**, the conflict in Colombia is still among the most longstanding and lethal in the entire world, with a vast impact on the civilian population in terms of mortality and forced displacement.

In **Europe**, the nerve centre of conflicts was once again the region between the Black and Caspian Seas. The armed hostilities rose in this region in the neighbouring Russian republics of Chechnya and Ingushetia, which have porous borders and some common ground among their insurgencies and counter-insurgency policies. However, comparatively speaking, the intensity of the conflict in both places remains low.

Finally, in the **Middle East** the violence rose in Iraq and even more in Yemen. On the other hand, the intensity of the conflict between Israel and Palestine dwindled, especially since Israel ended its military offensive against Gaza in January 2009.

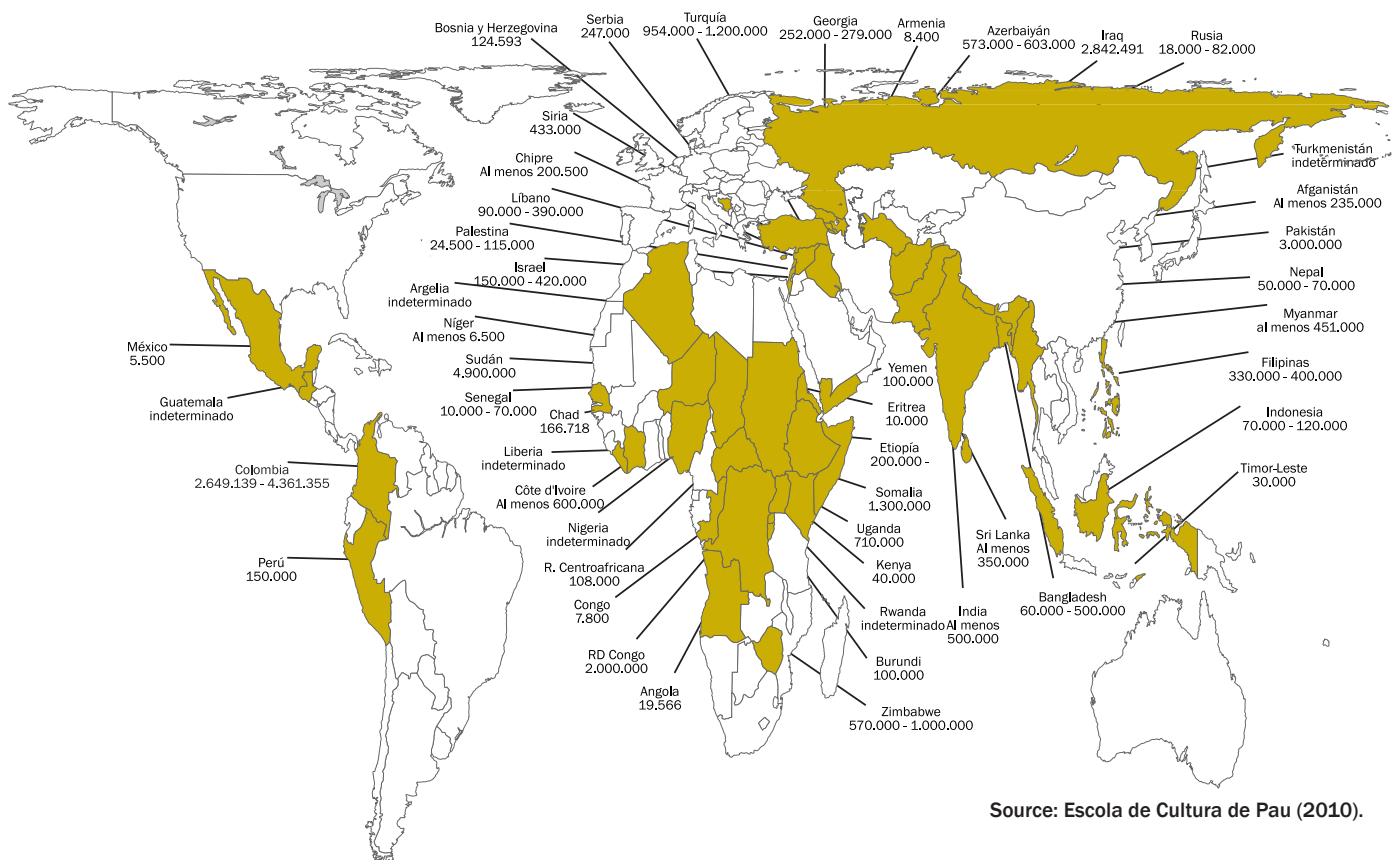
Source: Escola de Cultura de Pau (2010).

Armed conflicts
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humanitarian
crises

Also worth noting is the fact that armed conflicts often unleash large-scale humanitarian crises in which the violence generates deaths, forced displacements, epidemics and famines which affect much of the population. All of this is combined with a weakening and either total or partial collapse of the economic, social and political structures. Likewise, since the 1980s there has been a spread of what are called “complex political emergencies” stemming from the proliferation of civil wars; they are characterised by the breakdown of the state and the formal economy, famine, population displacement and food and health crises.

Humanitarian crises also inevitably lead to the phenomenon of internal displacement of the population, that is, when the population is forced to move within their own country to flee from a situation of tension or danger. According to the Internal Displacement Monitoring Centre (IDMC), the number of internally displaced persons has remained stable in recent years, with a total of 26 million displaced persons in

Number of internally displaced persons in 2009³



Source: Escola de Cultura de Pau (2010).

Countries with humanitarian crises in 2009

Afghanistan	Iraq	Palestine
Burundi	Kenya	Central African Republic
Chad	Madagascar	DR Congo
Colombia	Mali	North Korea
Ivory Coast	Mauritania	Somalia
Eritrea	Myanmar	Sri Lanka
Ethiopia	Nepal	Sudan
Philippines	Niger	Uganda
Guatemala	Nigeria	Yemen
Guinea	Pakistan	Zimbabwe

Source: Escola de Cultura de Pau (2010).

52 countries. Africa is the region with the highest number of internally displaced persons, and southern and southeast Asia are the regions that experienced the highest growth in the number of internally displaced persons (the Philippines, India, Pakistan and Sri Lanka). Colombia has approximately 3.5 million internally displaced persons around its soil.

Likewise, the UNHCR counted a total of 15.2 million refugees in the world, that is, people who leave their own country to take refuge in another because their means of subsistence or lives are threatened. Asia is still the continent with the highest number of refugees, with more than 3.5 million of them, while Somalia (561,154), Sudan (419,248), Colombia (373,532) and DR Congo (367,995) have some of the highest absolute numbers of refugees. In any event, it is important that companies operating in this sort of setting take into account the existence and characteristics of each of these collectives since they will be among their stakeholders.⁴

There is a total of 26 million displaced persons in 52 countries

2. Companies in settings with armed conflicts

With regard to settings with armed conflicts, the International Committee of the Red Cross (ICRC) indicates that even though many companies have adopted human rights policies, very few have yet included policies on International Humanitarian Law (IHL), which is the law that regulates situations of armed conflict or war.

International Humanitarian Law (IHL) is a set of internationally recognised norms that regulates situations of armed conflict and determines the methods and means used by the armed actors. The four Geneva Conventions from 1949 and their additional Protocols from 1977 serve as the main instruments of IHL (other later protocols stress the ban or restriction on the use of given weapons). They are particularly important for companies that manufacture or sell any kind of armaments, either heavy or light, and for those operating in countries in conflict. Almost all the states in the world have ratified these conventions, but generally speaking their rules are not yet widely respected by the armed actors in conflict, either the government or armed opposition groups.

Very few companies have yet included policies on International Humanitarian Law (IHL)

Therefore, very few companies bear in mind that in these settings they must not only respect human rights in their area of influence (Prandi and Lozano, 2006) but that IHL is also the law that prevails, entailing a series of rights and responsibilities for companies. According to the ICRC report entitled “Business and International Humanitarian Law”, IHL is relevant for companies since it protects their staff (local,

IHL entails a number of rights and duties to the companies

expat or outsourced) as well as to their assets and capital investments. Through the principle of the immunity of the civilian population, all civilian factories, offices, vehicles, lands and resources are also protected from deliberate or indiscriminate attacks, as well as from pillaging and violations of private property, which must be returned or indemnified at the end of the conflict. IHL also assigns protection to kidnapping victims, a crime of which some companies operating in given settings are repeatedly the victims. Likewise, IHL states that companies must respond either civilly or criminally in the event of noncompliance or complicity with any deed related to the conflict. In this sense, companies working in these countries must be particularly careful to avoid being the direct accomplices to human rights violations or participating indirectly in the conflict, such as by providing logistical support to any of the parties in the conflict, either the government or armed opposition groups. In the lawsuit filed in a United States court against Royal Dutch Shell for its actions in Nigeria in the 1990s, several sources noted the company's presumed logistical support of the military units that were repressing the protests by the Ogoni communities; this was, in fact, one of the key factors in admitting the lawsuit.⁵

Therefore, this branch of law grants companies protection, but at the same time it imposes certain legal obligations on the executives and staff of these companies. Specifically, issues related to the provision of security services to companies in these situations of conflict, either public or private, require special attention by the heads of the CSR policy, as outlined in the box below.

Companies must be particularly careful not to become an accomplice to human rights violations

Companies' responsibilities regarding IHL **Can a company be held responsible for a war crime?**

Companies operating in zones of conflict and their staff have legal liability. This ranges from criminal liability for committing or being accomplices to a war crime, to civil liability for damages. IHL states that not only the authors of the violations but also their superiors can be held criminally responsible for committing a war crime. For example, an arms broker who sells a load of weapons to a client aware that they are going to be used to commit war crimes may be considered an accomplice to these crimes, regardless of whether they share the client's intentions. Likewise, a company that provides logistical support (in commercial terms) that may help IHL violations be committed may be held responsible before the law. Therefore, the possibility of corporate or individual liability for crimes perpetrated in an armed conflict is a factor that is increasingly important for companies when evaluating the risks entailed in the activities they perform in these complex settings.

Is IHL also applied in military and private security companies that protect a company's facilities in a zone in conflict?

Yes. Private security companies hired by companies to protect them in a zone of conflict are usually governed by the national laws in the country where they operate. This tends to enable the security staff to make use of force only when strictly necessary and proportional to the threat. Only if the security staff takes part in the hostilities is the use of force governed by IHL, in which case the rules applicable will be different. Companies that hire private security companies that do not adhere to international humanitarian law when they intervene in an armed conflict may be held liable for helping them to commit violations of this law.

Source: ICRC

Therefore, companies operating in contexts of armed conflict must be aware of their rights and responsibilities regarding IHL, with special attention to the people or companies charged with guaranteeing the security of both their staff and their facilities, as well as the management of issues derived from the violence, such as the deprivation of freedom of their staff. In any event, they must be particularly watchful of the kind of relationship they wish to have with the local community and the degree of conflict in the zone.⁶

Another relevant issue highlighted in the same study involves knowing whether the company operating in a situation of conflict acquires resources and goods with the free consent of their owner. It is important for companies that this consent is free, without the intervention of threats, intimidation or abuses of power, which can often come via third parties. If it is not, the company may be accused of pillaging according to IHL. The question of the exploitation of natural resources in contexts of armed conflict is complex and has often been the source of accusations of complicity in human rights abuses. Nevertheless, some authors stress that ceasing to acquire these raw materials in the zone is not always the easiest solution and that certification systems tend to require long periods of preparation and execution while the media and NGOs exert heavy pressure against companies (Mitchell and Garret, 2009). During an armed conflict, companies must be particularly watchful regarding the use of people in situations of forced labour.

What is forced labour?

According to the ILO, forced labour includes two basic elements: the provision of a job or service under the threat of punishment, and non-voluntary performance of this job or service. This threat may be accompanied by extreme means, such as physical violence, but it can also be revealed through subtle means, such as threats to turn victims into the police in the case of illegal immigrants, and the imposition of unpaid overtime under the threat of a loss of the job. Thus, a situation of forced labour is determined by the nature of the relationship between a person and an “employer”, not by the activity performed per se. Latin America and the Caribbean have almost 1.5 million victims of forced labour, 75% of whom are the result of economic exploitation by private actors.

Source: ILO

Companies must be vigilant in the use of people in forced labour

Experience tells us that lawsuits can be filed against companies before the courts of a number of countries (United States, France and Belgium) if it is possible to demonstrate that a company benefited, even indirectly, from the use of forced labour. This accusation of complicity was what was levelled, for example, in the lawsuit against Total oil company for its association with the Burmese national company, MOGE, in the 1990s for the construction of the infrastructures needed to perform their oil drilling activities in Myanmar.

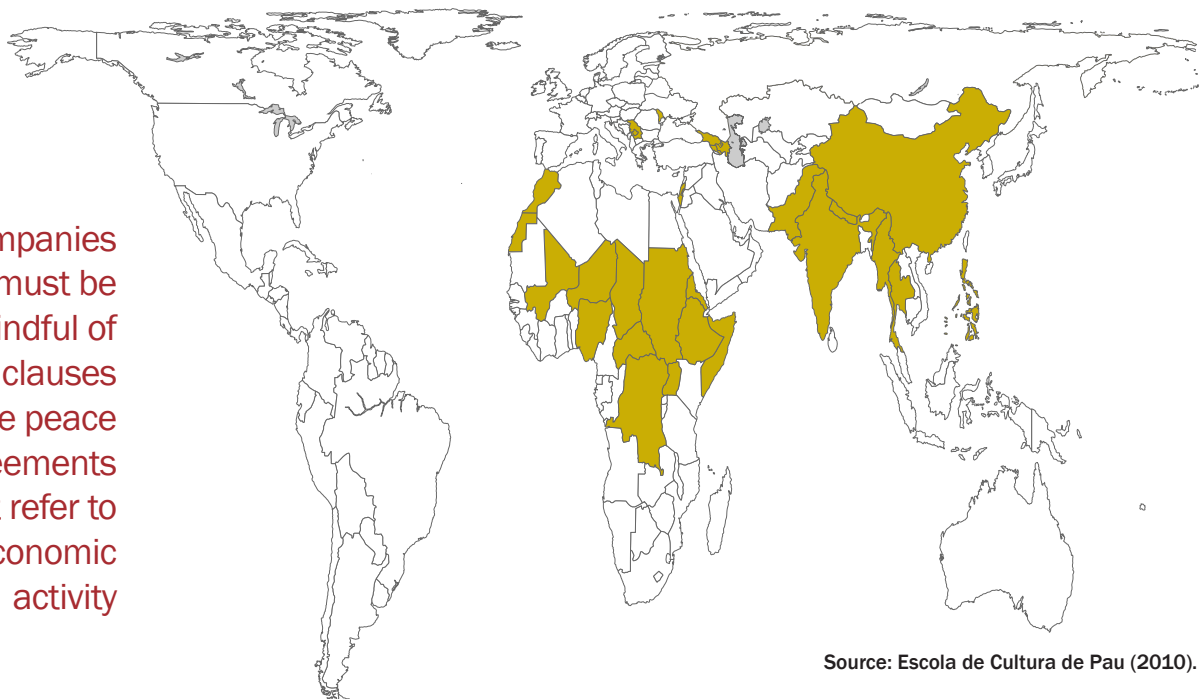
The question of IHL and security issues is still present in an embryonic form in corporate social responsibility policies, but it will gradually gain more ground and perhaps even become a decisive element in terms of socially responsible investing (SRI) and accountability in a relatively short period of time. Therefore, companies that handle this issue in an innovative way by adopting a pioneering position in this respect will be the best prepared to handle this new challenge facing CSR on a global scale.

IHL and security issues are still present in an embryonic stage in corporate social responsibility policies

3. After the armed conflict, peace

In parallel, numerous countries have managed to put an end to an armed conflict in recent decades, shifting from a situation of conflict to an often no less complicated one of peace and post-war reconstruction. For example, according to Fisas' analysis (2010) on the peace processes in ten countries⁷, the reasons for embarking on the peace process were diverse, but in all cases weariness with war and the people's desire for peace figured prominently. In each country, one of these factors weighed more heavily than the other, but the economic need to achieve an end to the conflict was particularly important in Northern Ireland and South Africa. This study also stresses the fact that once the agreements are reached, all the combatants were granted amnesty and all the opposition groups that were at odds during the conflict ended up occupying positions of responsibility within the new governments assembled after the peace agreements. In any event, companies must be mindful of the clauses in the peace agreements that refer to economic activity. One example is the peace agreements that put an end to the conflict in Guatemala and stated that a prior, free and informed consultation must be performed before developing large infrastructures in the country. Some mining companies failed to take this factor into account, nor was it part of their social responsibility policies in the post-conflict era.

Countries with peace processes or negotiations underway



Companies must be mindful of the clauses in the peace agreements that refer to economic activity

Source: Escola de Cultura de Pau (2010).

In these contexts of transition, the private sector can provide services and products targeted at reconstructing the country through national and international agencies in accordance with pre-established priorities and calendars and a nation-wide strategy. In this sense, both the European Union and other multilateral bodies such as the United Nations can put forth tenders in a wide variety of sectors in a large number of post-conflict countries. The collective challenge is for both the private sector and multilateral bodies to envision and implement a new paradigm of

reconstruction that ceases to regard businesses as mere providers of products or services and instead endow them with a more advanced role as peace-builders in contexts of post-war reconstruction within their area of influence.⁸

The first tentative economic estimates for the reconstruction of a country are presented at international donors' conferences, organised primarily by the United Nations and the World Bank, and along with the corresponding government, development plans are devised and funds are assigned to given reconstruction objectives. The main justification for this action is the concept of "the responsibility to protect", which is closely related to the concept of "failed state". According to this argument, the international community must intervene on behalf of the people when a state is incapable of protecting them (failed state), such as in a situation of post-war reconstruction. The principle of "interference" is also applied with the goal of preserving citizens' human rights (Escola de Cultura de Pau, 2009).

Within this framework, and as a result of the post-Cold War era and the process of economic globalisation, the international community offers a reconstruction formula based on the existence of a consensus that puts a premium on certain processes over others. These include the reconstruction of the nation state, the market economy, liberal democracy and human rights. This consensus comprises the so-called "liberal peace" doctrine (Paris, 1997; Richmond, 2006; Heathershaw, 2008) which has prevailed in recent years, but which has also been broadly criticised in certain academic circles. In any event, worth stressing is the fact that in approximately half of the countries in a process of post-war reconstruction, the conflict is resumed within a five-year period, and that 72% of the international aid and reconstruction operations leave the country, as an authoritarian regime is established (Collier, 2003; Call and Cook, 2003). In view of this scenario, the economic motivations through which the private sector decides whether or not to participate in peace issues are diverse and range from the possibility of expanding business in a peaceful climate (Bray, 2005) or reducing costs linked to the conflict to the need to guarantee investments.⁹

In any event, it is worth noting that a country's reconstruction does not always have to presuppose a return to the status quo that prevailed prior to the conflict; rather it must offer a chance to refigure the country's economic underpinnings and therefore work in favour of reducing the short-term or structural economic causes that acted as causes or catalysts of the violence. Issues like ownership of the land or the wealth generated by the exploitation of natural resources, among others, can be some of the most sensitive of these points which require special attention, but which often dovetail with the interests of the private sector.¹⁰

The United Nations Peacebuilding Commission (PBC) is the body charged with coordinating international intervention and ensuring donors' sustainable commitment. However, companies can also negotiate their contracts directly with the representatives of the authorities recognised as legitimate, or with the transition governments. In this sense, it is important to stress that peace processes, understood as Fisas does (2010b: 9) as "an effort to achieve an agreement that puts an end to the violence, as well as to implement it, through negotiations", mean that the people who were politically or militarily at the head of operations, both the legal parties and the armed opposition groups, often occupy important positions in the government or the country's economic bodies in the post-war period and after benefiting from amnesty as a way of rewarding them for having ceased their armed activities.¹¹

The economic need to put an end to the conflict was particularly important in Northern Ireland and South Africa

We should stop seeing companies as mere providers of products or services

72% of the international aid and reconstruction operations leave the country by establishing an authoritarian regime

Direct costs	
Security	Higher payments to public or private companies; time spent by company staff in managing security
Risk management	Higher insurance premiums, reduction in mobility and higher transport costs
Material	Destruction of property and infrastructures
Production	Disruptions in production, delays
Staff	Kidnappings, threats, murders, hiring difficulties, higher salaries to offset the risk
Reputation	Consumer campaigns, fluctuations in share value, loss of competitiveness
Indirect costs	
Human	Losses of life, health, intellectual and physical capacities
Social	Weakening of the economic, social and political capital
Economic	Damages to the financial infrastructure, loss of markets
Environmental	Pollution, depletion
Political	Weakening of institutions, governance, prevalence of the law

Source: International Alert (2006).

Companies must be aware of the risks to their reputation that involves “doing business” with some individuals or elites

Companies must be aware of the risks to their reputation that involves “doing business” with some individuals or elites who, according to information or reports from United Nations agencies, were not only behind serious human rights violations during the conflict but might also have certain interests in discriminating against and disproportionately repressing a certain ethnic group or region in the post-war period.¹² Certain situations might even be construed as the company’s complicity

Countries that resolved a situation of conflict in the past 20 years

Country	Year of the peace agreement
El Salvador	1992
South Africa	1994
Guatemala	1996
Tajikistan	1997
Northern Ireland	1998
Angola	2002
Sierra Leone	2002
Liberia	2003
Indonesia (Aceh)	2005
South Sudan	2005
Nepal	2006
Burundi	2008

Source: Escola de Cultura de Pau (2010).

in human rights abuses, even if the company is unaware of these circumstances. In the case of the Ivory Coast, for example, the majority of security companies in the country are owned by the wife of the President, Laurent Gbagbo, one of the parties to the armed conflict, which may lead to a serious bias in the efforts to keep security should their services be hired.

Finally, it should be noted that a country in post-conflict is usually immersed in what has been called a “transitional justice process”, meaning a series of legal and extra-legal mechanisms that are launched in societies in transition with the

goal of grappling with a past of war and systematic human rights violations and abuses. The main strategies of transitional justice are trials of war criminals (international, mixed, hybrid or internationalised and traditional tribunals), reforms of state institutions (security forces and public posts), the quest for truth and historical clarification (truth commissions), reparations for victims (restitution, remedy, rehabilitation, compensation) and a drive for reconciliation by establishing guarantees that the human rights violations and IHL infractions will not be repeated. During these periods of conflict and transition, certain kinds of investments and contracts might be reached that may not be in line with the laws that will be in force in the post-war period. This happened, for example, in DR Congo, where the Senate has recommended that important mining contracts be re-negotiated since they do not adhere to the laws currently in force, thus opening up a doorway of juridical insecurity for these investments.

A country in post-conflict is usually immersed in what has been called a “transitional justice process”

Therefore, companies operating in these contexts must be aware of the evolution in the indicators of transitional justice in the country and whether they in any way intersect with the policies or activities it conducts, such as in the realm of reconciliation. Some companies have been forced, for instance, to modify their hiring policy in order to make balanced hires of employees from different ethnic groups that had previously been at odds with each other, or to subcontract or outsource taking into account the clashing actors and victims in order to avoid favouring one group at the expense of others and thus encouraging a new outbreak of violence. A corporate hiring policy that eliminates discrimination can prevent, for example, local middle managers from a given ethnic group from exercising de facto any kind of discrimination in the hiring and treatment of employees from another ethnic group.

The company must thoroughly consult its stakeholders to learn the full truth

Discrimination is unquestionably one of the underlying causes of the low level of labour rights in the majority of countries. It can occur for reasons of gender, race, ethnic origin, nationality, religion, political opinion, social background or any other distinction. According to the ILO, workplace discrimination is an everyday, universal phenomenon, and it takes place every time that one worker is rejected or preferred over another with equal qualifications because he or she belongs or does not belong to a given ethnic or social group, or when a worker is given a lower salary than a colleague with the same level of productivity. The ILO identifies three kinds of workplace discrimination, namely distinction, exclusion or preference, and all three kinds can be manifested through working conditions, salary, benefits and opportunities for promotion and training.

According to ILO, workplace discrimination is an everyday and universal phenomenon

These policies must therefore take into consideration the fact that the people who the company hires or subcontracts may or may not be living in an individual or collective process of reconciliation and whether this may pose a risk or an opportunity for the company to contribute to peace-building. On the other hand, the concepts of victim and perpetrator of human rights violations may often fall in a grey area, and in any event companies must conduct a very broad consultation of their stakeholders to get an in-depth grasp of the truth that is often hidden behind state policies aimed at discriminating against one of the parties to the former conflict.¹³

4. What is the peace-building perspective?

The term “peace-building” was coined for the first time by the then-Secretary General of the United Nations, Boutros Boutros-Ghali, in the 1992 report entitled A Peace Programme. In this document, the former Secretary General defined peace-building as “measures aimed at individualising and strengthening structures that tend to reinforce and consolidate peace in order to prevent a resumption of the conflict” (United Nations, 1992). These measures include demilitarisation, the promotion

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of human rights and political participation, economic and social development projects and other projects which generically lay the conditions for recovery and reconciliation. This occurs once the armed phase of a conflict is over, and it thus essentially refers to post-war rehabilitation efforts. Subsequently, Boutros-Ghali added in the Supplement to the Peace Agenda the creation of structures for the institutionalisation of peace. In any event, since then scholars, practitioners and multilateral and international bodies have tried to define this concept by proposing diverse variations on this theme. Some have defined not the concept of peace-building but other concepts that can be applied to the case at hand (Barnett, et al. 2007: 37-40). According to these authors, the World Bank refers to “post-war reconstruction” as *“activities that support the transition from a conflict to peace in a country through the reconstruction of the society’s socio-economic framework”*. In turn, the International Monetary Fund refers to “post-conflict recovery”, defining it as *“activities that re-establish goods and the production level in the economy”*, thus limiting itself to the strictly economic facet of reconstruction. Finally, the European Commission refers to “reconstruction” as *“the reestablishment of the functioning of the economy and the institutional capacities needed to re-establish the social and political stability in developing countries that have suffered from serious damage due to war, civil disorder or natural disasters”*.

For academic referents like John-Paul Lederach (Lederach, 1998), peace-building is a “global concept that encompasses, produces and sustains an entire series of processes, considerations and stages needed to transform conflicts into more peaceful, sustainable relations”. In this sense, peace is more dynamic, and peace-building takes place regardless of whether these measures are taken in a context of tension, open armed confrontation or post-armed conflict. According to Barbeito et al. (2009), some of these measures can include political pressure to lower the risk of clashes (preventative diplomacy); the promotion of trust-building measures between the clashing parties; mediation or facilitation of negotiations; pressure to limit the production and export of weapons; demining; the disarmament, demobilisation and reintegration (DDR) of soldiers; measures aimed at abiding by international humanitarian law; the promotion of reconciliation; and education for peace. In any event, in this article we understand peace-building in a broad sense as those actions aimed at creating the conditions needed to make headway towards peace in a society marked by an armed conflict or tension, either in the midst of conflict or post-conflict.

The theory of conflict sensitivity

The 1994 genocide in Rwanda tends to be identified as a turning point in the role that international humanitarian aid can play in contexts of conflict and post-conflict (DANIDA, 1996). Thus, in the 1990s the failure to manage the crisis and the “well-intentioned” aid gave rise to a real concern among the actors involved in international aid as to how to operate in violent settings. They furthermore gained awareness that any action per se conducted in this kind of context can exert a positive or negative influence on it, even when the projects have no goals related to either the conflict or peace-building.

The theory of “conflict sensitivity” arose in this context. It holds that it is necessary for the intervention in countries in tension or armed conflict to adopt a “sensitive view” of the context and thus avoid having a negative impact on the degree of violence in the country through a series of tools and resources. One of these tools arose in the mid-1990s under the name of “Do No Harm” (Anderson, 1999). In her book by the same name (*Do No Harm*), Mary Anderson made significant contributions to the debate: she identified some of the factors

that may reduce or reinforce tension in a setting of armed conflict, such as the “connectors” and “dividers” of the society in conflict. This stress on analysing the positive “connecting” factors, and not only the negative ones, is one of the most novel contributions of Mary Anderson’s approach (Barbeito et. al., 2007), which indicates that companies should foster the “connectors” of the society in conflict and avoid fostering the “dividers”.

Conflict sensitivity is therefore a way of planning and evaluating the international intervention in contexts of tension or armed conflict. Its purpose is to “analyse the context of peace and conflict, understand and anticipate the interaction between the intervention itself and the contexts, and avoid negative impacts and maximise positive impacts of the actions undertaken” (Fewer et. al., 2004). This framework stems from circles working in humanitarian aid, yet it can be partly extrapolated to the private sector.

“Being sensitive” means not that companies must necessarily get involved peace-building in actions but that there are different ways a company can approach the conflict. Interpreting Jonathan Goodhand (2006), international interventions in contexts of tension or armed conflict can be classified into three different kinds of approaches:

- **Intervention around the conflict:** Affecting different realms of peace-building (such as activity in the primary, secondary or tertiary sector) without taking into account the context of tension or armed conflict. This approach views the tension or conflict as an externality to the project that does not need to be taken into account unless it negatively affects the project undertaken.
- **Intervention in the conflict:** Affecting different realms of peace-building (such as development or humanitarian action), but taking into account the context of tension or armed conflict, both minimising the risks that the context can entail for the project and minimising the risks that the project can entail for the context.
- **Intervention on the conflict:** Affecting realms of peace-building in order to act on the causes or consequences directly related to the situation of tension or armed conflict.

Transferring this distinction to the operative practice of companies in contexts of armed conflict, we could distinguish between companies that intervene in a context of tension or armed conflict without taking into account the unique context (around the conflict), companies that get involved in peace-building in a country (on the conflict) and companies that are in the middle, that is, that do not alter their usual activity but do take into account the specificities of the context of tension or armed conflict and act in consequence (in the conflict).

Along the same lines, Joras (2009) makes a distinction between the different strategies and methods used by companies in post-conflict situations in the following terms: trying to mitigate the costs of the conflict in the company; trying to avoid the company’s negative effects on the conflict; contributing to peace by generating wealth and jobs yet without having a deliberate policy in this respect; and committing to and supporting the peace negotiations and economic development.

In this sense, the adoption of a peace-building perspective can contribute to being more aware of the complex environment in which companies are operating; to evaluating the repercussions of their actions, both positive and negative and before, during or after doing business; and to reinforcing business management

Intervention in countries in tension or armed conflict requires to adopt a “sensitive view”

Companies should foster “connecting” factors in a society in conflict

bearing in mind the interests and relations of all the actors involved. Even though it is difficult to demand that companies make a commitment to contributing to peace in the settings in which they operate, they should at least accept the responsibility to not negatively affect the context of violence or post-violence. To do so, companies, as well as other actors, must have “conflict sensitivity”; that is, they must be sensitive to the fact that they are operating in an extremely complex context with a violent past.

		CONTEXT of the armed conflict or tension	
		Sensitive to the conflict	Insensitive to the conflict
INTERVENTIONS	Classic business activity	to the conflict	AROUND the conflict
	Peace-building	to the conflict	-

Source: Author's own based on Goodhand (2006).

Conclusions

Companies should at least accept the responsibility of not having a negative effect on a violent or post violent context

The primary responsibility for peace, security and development rests with the states, but the private sector can also play an important role as a peace-builder in its area of influence. Commercial and investment activities can have both a positive and negative impact on a country or region's indicators on violence, and this in turn can generate financial risks and drops in the company's operating capacity, in turn jeopardising its reputation.

A company's social responsibility in contexts of armed conflict must thus be adapted to this kind of complex setting, and this requirement is valid for both global corporations and SMEs, both public and private companies, and both domestic and foreign companies. Companies must thus be aware of the context of conflict in which they are operating, as well as the actors, and adapt their business and stakeholders relations from the perspective of “conflict sensitivity”.

Notes:

1. The Country Risk Portal published by the Danish Institute for Human Rights offers relevant information by country on the human rights risks for companies. Further information at en: <http://www.humanrightsbusiness.org/?f=country_risk_portal>. The Database on Conflicts and Peace-Building of the School of Peace Culture provides detailed data on the status of conflicts by country. See: <<http://escolapau.uab.cat/conflictosypaz/index.php>>.
2. By legal we mean the armed or police forces belonging to a state, while by illegal we generally mean armed opposition groups.
3. <<http://www.internal-displacement.org/>>.
4. Taking Mark Freeman as a reference, “stakeholders” means every person and organisation that has an influence on the company’s activities or that may be influenced by them.
5. See the article by Esther Henchen ‘The role of oil mayors in supporting sustainable peace and development in Nigeria: the case of Royal Dutch Shell’.
6. In this vein, the United Nations Global Compact has developed a series of materials on how companies can minimise their risks while also contributing to peace-building in situations of armed conflict. See: <http://www.unglobalcompact.org/Issues/conflict_prevention/guidance_material.html> y <<http://business.un.org/es>>.
7. The countries studied are: El Salvador, Guatemala, Northern Ireland, South Africa, Tajikistan, Sierra Leone, the south of Sudan, Burundi, Indonesia (Aceh) and Nepal.
8. See the article by Carlos Fernández and Aitor Pérez ‘Companies as actors in post-war reconstruction’.
9. See the article by Angelika Rettberg ‘Sector participation in peace-building: Tacking stock and identifying some lessons’.
10. See the article by Achim Wennmann ‘Economic dimensions of peace processes: The private sector as a strategic partner for peacemaking’.
11. Further information in Fisas, V. 2010. 2010 Yearbook on Peace Processes, Barcelona: Icaria at <www.escolapau.org>.
12. Further information at the Danish Institute for Human Rights, *Doing Business in High-Risk Human Rights Environments* at <<http://www.humanrights.dk/business>> and Jungk, M. 2001. *Deciding whether to do Business in states with bad governments*, Danish Institute for Human Rights.
13. One example of this grey area between victim and perpetrator is reflected in the arrest warrant issued by the International Criminal Court (ICC) in 2005 against Ugandan Dominic Ongwen, who at the age of ten was forcibly recruited by the armed group LRA. Trained to fight, murder and mutilate throughout his 18 years in the jungle, he was promoted to a leadership position in the LRA because of his efficacy and loyalty to the group. Ongwen was accused of crimes against humanity and the recruitment of minors and was therefore the first person accused by the ICC of the same crimes of which he had been a victim.

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Corporate social responsibility in contexts of conflict and post-conflict: From risk management to creation value

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1. Introduction

The role of private enterprise as an actor in armed conflicts is a question that has been a subject of intense study and controversy in recent decades. Indeed, much of the literature regards companies as the engine or key factor in generating and perpetuating conflicts, especially in countries where the armed groups are financed via control over the extraction and sale of natural resources. Yet other more recent currents of thinking identify and describe companies' potential role in building peace, and they claim that international aid alone is incapable of breaking the cycle of conflict. They uphold that private enterprise, especially locally-owned businesses, is indispensable in creating jobs and entrepreneurial opportunities in the long term if the conditions needed for this to happen are in place (social, financial, political and security conditions). This vision is not bereft of its own critics, and some claim that corporate interests are incompatible with the structural economic changes that peace often needs. They also frame companies' short-term vision as highly inappropriate for a post-conflict setting in which certain economic issues might easily revive the violence and be incompatible with the consolidation of peace.

In any event, the globalisation of the economy has offered new commercial opportunities to companies worldwide, which they often operate in emerging countries, yet frequently and increasingly in environments affected by conflicts or in the post-war reconstruction phase after a peace agreement has been reached. It is also true that today many companies have adopted human rights policies and are accountable to them, yet for now few take the specificity of operating in these contexts into account in their corporate social responsibility (CSR) policies, which are also influenced by the fact that few CSR policies actually include accountability instruments.¹ However, as discussed in this chapter, there are significant experiences of companies that are participating in peace-building in several countries, thus playing an increasingly important role in issues that affect global governance. Without getting into an in-depth analysis of the pros and cons of this participation, below we shall examine the elements of a CSR policy that is conflict

Locally-owned businesses are indispensable in creating jobs and entrepreneurial opportunities

Any positive contribution from the private sector is only possible based on the company's knowledge of the context of conflict and post-conflict

and post-conflict sensitive, and we offer guidelines for companies that wish to adopt a strategic approach to this issue.

2. Preliminary considerations

Before undertaking a descriptive analysis and characteristics of peace initiatives from the business community, we must first bear in mind a series of general prior considerations.

A first important premise is that any positive contribution to peace-building from the private sector is only possible based on the company's knowledge and comprehensive understanding of the context of conflict and post-conflict in which it plans to do business. This includes its causes (especially those that somehow intersect with their business activity, either economically or socially), its development, the actors involved (armed actors, governments, victims and human rights violators) and its consequences (not only economic but also social). This is valid for companies that reach the site when it is undergoing reconstruction, as well as those that were already present during the war and continue operating either directly or via third parties in the period after the peace agreement. With this information, the company can analyse possible risks, predict possible incidents and their respective costs, and establish measures to mitigate negative impacts.

In the case of companies that are operating in the post-conflict setting for the first time, it would be recommendable to conduct an ex-post study of the impact and risk of commercial operations that includes peace-building indicators prior to any investment. Just as environmental impact studies are conducted with the goal of predicting and mitigating possible negative impacts on the environment, it is recommendable to conduct a study on the company's possible impacts on peace-building in the reconstruction period that would enable specific risks and control measures to be identified. If the company was already present in the country, it is important that this study also identify the relationships that had been forged during wartime, what actors might have benefitted either directly or indirectly, what consequences this violence had on its business activity and what influence this activity had on the course of the conflict and its different actors.

It would be advisable to conduct an ex-post study of the impact and risk of commercial operations

Brainstorming for an impact study on peace-building

What involvement did the home country of the company play in the conflict?
What direct or indirect involvement did the company have in the conflict?
Who are the other actors and what is the company's relationship with them?
How is the company's degree of commitment defined and how is it considered a dynamic process?
What expectations can the company generate in terms of peace?
How are elements and processes that produce tension or division in the company's area of influence identified?
How are the sources of information identified and how is the information organised?
What should the company avoid in order to not exacerbate inter-group tensions or weaken community relations?
What can the company do to support the peace consolidation process from the economic vantage point?
What can the company do to promote reconciliation at the workplace?
What can the company do to peacefully subcontract and foster local knowledge?

What are the company's limitations and the limits of the CSR policy that takes peace issues into account?

What elements boost local capacities?

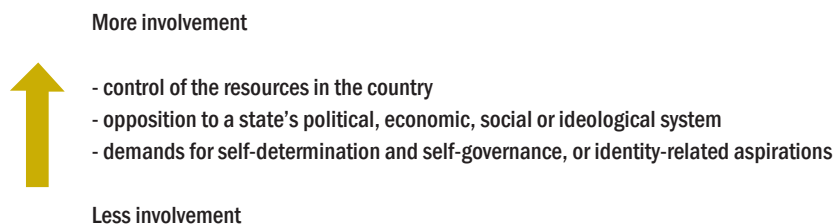
What are some other experiences in the country within the sector?

Source: Author's own

Companies can enlist the aid of specialised organisations to conduct this study

Just as in environmental impact studies, companies can enlist the aid of specialised organisations to conduct this study. This analysis of the social-economic structure of the conflict is complex, and companies rarely have the right technical capacities to perform it in a fully satisfactory way, so they must also outsource it to people or organisations with theoretical and practical experience on the ground in these kinds of settings. The experience of other companies in the sector under similar circumstances should also be taken into consideration. In any event, there are always multiple causes of conflict (Escola de Cultura de Pau, 2010) which include different kinds of actors with more or less direct implications on business activities, such as:

Causes of the conflict and the company's degree of involvement



Source: Author's own

Companies must bear in mind that they are not inserting themselves into neutral territory; rather they are moving into a setting which has witnessed serious economic, political and especially social fractures, and that its CSR policy must therefore include a conflict sensitive perspective. The company must be capable of detecting both the “dividers”, that is, the factors within its area of influence that accentuate division or feed the conflict, and the “connectors”, that is, the factors related to attitudes, procedures or values that promote peace from business (Anderson, 1999). Companies can thus learn to assess whether their mere presence, operations or relations in the reconstruction period act as dividers or connectors. For example, a company that builds large infrastructures must assess whether the reconstruction it is going to undertake can lead to new population displacements among groups and individuals who have already been displaced during the war, or whether the environmental impacts of its activities were some of the detonators of the conflict, and if so, how to mitigate them. To the contrary, they should assess what their activity contributes to the social or economic reconstruction of the zone in equal conditions regarding the closest communities. Based on their position and area of influence, companies can actually encourage violence or, conversely, create incentives for peace. In any event, it should also be borne in mind that companies will have to adopt a long-term perspective if they want their economic interests to be linked to the conditions of peace.²

Companies must bear in mind that they are not inserting themselves into neutral territory

Another premise is related to companies' capacity to **generate development and economic growth** (Prandi, M and J. M. Lozano, 2009) in impoverished countries, and particularly in contexts of post-war reconstruction. This is an extremely important factor to ensure that a peace process is successful in the middle and

The incorporation of peace indicators into macro-economic policies as well as into companies' CSR policies is essential.

long term, replacing a war economy – in which some actors financially profited from the conflict – with a peace economy in which the population as a whole learns to develop its capacities, both individually and collectively or as a community, and ultimately transform some of the economic roots of the violence into opportunities for peace and development.

Several theories state that the predominance of the free market economy and the growth spearheaded by the business sectors are in themselves equivalent and sufficient to achieve economic development, lower the economic indicators of poverty and therefore consolidate peace strategies. However, this relationship is not always valid, and in post-conflict settings, the incorporation of peace indicators into macro-economic policies as well as into companies' CSR policies is a *sine qua non* condition so that the role of the developing economy and peace-building are effective and consistent. In parallel, in recent decades the private sector has become more prominent in the economies of these countries as a result of the liberalisation and privatisation of basic services, meaning that it is even more important for companies to take these factors into account. Their presence and importance in the economies of these countries is only on the upswing.ç

In this context, it is important to bear in mind that poverty should not be viewed solely as a question of scarce income or economic and financial indicators; rather it ultimately lies in the difficulties entailed in developing personal capacities and freedoms (Sen, 2000). This is corroborated by the statistics from numerous specialised organisations which reveal that despite the unprecedented economic growth rates worldwide in the past decade, the absolute number of people living in poverty has risen, as have economic and social hardships. Some of the causes behind this phenomenon include difficulties accessing water, energy, healthcare and education. The magnitude and seriousness of this situation is further exacerbated by the noted “transfer” of poverty between generations and a preponderance of poverty in post-conflict countries. In these contexts, it might even be necessary to consider a transition towards a different productive model than what existed before the conflict broke out on both a macro and micro level, especially in cases in which the economic roots of the conflict were a major factor generating violence. Still, this is often difficult in the political negotiation phase of a peace process and later is often not included in the political or economic agenda of reconstruction.

A post-conflict context has led to the physical destruction of the country and, even more important, to profound social fractures

Likewise, companies should understand that a post-conflict context has led to the physical destruction of the country, yet also, and even more importantly, to a significant number of victims and profound social fractures. Companies must thus pay attention not only to the reconstruction needs of the basic infrastructures (with certain priorities such as energy, housing, water and food, healthcare and education); rather they should also be capable of perceiving how this reconstruction can respond to or help to overcome these fractures, both individual and collective, which are related to reconciliation, justice and the recovery of dignity. In doing so, they grant a new role in society to both the victims and the armed actors during the conflict. In post-conflict contexts, there is therefore a need to include in CSR policies criteria to combat poverty and contribute to the physical reconstruction and overcoming the social fractures from a perspective of transparency and equality. Indeed, there are successful experiences of companies that have focused on what is called “workplace reconciliation” by simultaneously employing people from sides that were formerly in conflict in Bosnia and Herzegovina, Colombia and the Philippines after a period of technical and values training. In any event, a reconciliation process cannot be forced; rather it must flow naturally among the people involved.

In any event, a stakeholder relations policy that includes a peace-building perspective should be the key to guaranteeing companies' proper insertion into post-conflict contexts. Without this perspective, it would be hard for the company to gain a foothold in the market in the long term or to establish a fluid relationship with the communities with which it interacts. The strategy of dialogue with the stakeholders can differ from the usual strategies because of the particular circumstance in which the country finds itself. Major swaths of the population are in the midst of humanitarian crises and widespread poverty, and they are subjected to fear, intense mistrust and heavy rancour towards other communities, regions, ethnic groups or members of armed groups and military forces. In this sense, companies should pay special attention to determining its presence and relationship with groups, including:

- victims, both individual and collective, of human rights violations (including women who are heads of households, minors and orphans, the disabled)
- internally displaced persons (IDP), refugees and returnees (including women who are heads of households, minors and orphans, the disabled, indigenous people)
- demobilised and former combatants (including women and minors)
- minorities and historically discriminated peoples (or people whose claims are at the root of the conflict)
- members of the armed forces and private security companies

Even though each of these groups has both shared and unique features, and that these features also vary from country to country, they all tend to share a recent past of violence which should not necessarily mark the relationship with them, although the company should bear it in mind. In any event, there are international and national bodies charged with identifying and tending to these groups which therefore have their professional profiles. It might be useful for the company to identify their presence since some of them might become their employees and others their suppliers or partners or simply the communities near the company's zone of operation or potential clients.

In practice, a dialogue with its stakeholders should help the company to:

- Understand the relationships and values of the different stakeholders in order to anticipate risks and better manage them;
- Actively build relationships to identify possible interlocutors (individuals and organisations) in actions in favour of peace;
- Conduct an ex-post evaluation of the performance and the peace-building business policy.

The dialogue with the stakeholders is not limited to information gathering; rather companies should also be willing to engage in a process of innovation and participatory learning, both internal and external, based on the inputs generated by the new role in society. In this sense, it is important for the dialogue to be sincere and transparent and if possible for it to take place in a climate of mutual trust and respect and in a venue that allows all parties to express themselves freely. Likewise, the company must also ensure that the collectives with which it forges relationships actually represent the groups they claim to represent in order to avoid misunderstandings that might compromise the entire process. To achieve this, it may be necessary for the company to enlist the aid of trusted local individuals, organisations or associations to act as facilitators in the process. Companies can also use the figure of facilitator in particularly complex cases which may help them to better grasp the local contexts and make headway towards security when faced with a wide variety of conflictive issues in a society in reconstruction.

A stakeholder relations policy that includes a peace-building perspective should be crucial.

Major swaths of the population are subjected to fear, intense mistrust and heavy rancour towards other communities, regions, ethnic groups

In short, it is an interactive process that should enable parties to get to know the 'other' and learn from it in order to jointly construct a network of values and interests that create value and innovation in the company, and in society as well. In this context, the process is as important for the company as its content. Through this process, companies ultimately perceive themselves as more interconnected with society, plus, thanks to this dialogue, companies learn to understand what they are and what is expected of them in a complex setting.

Another important premise is that no actor or organisation alone can handle the challenges entailed in the social, political and economic reconstruction of a country. The key lies in the coordinated, effective articulation of the capacities of each of the actors involved. In this sense, companies are perceived as yet another actor in a complex web of relations and actors regarded as important in theories on peace-building, with a preponderant role in the economic and social sphere. Likewise, the business community, with a more or less prominent presence at different levels, may serve as an economic nexus among the other actors and may even come to occupy a prominent position in some of the phases in a peace process³.

It is important
for the
dialogue to be
sincere and
transparent

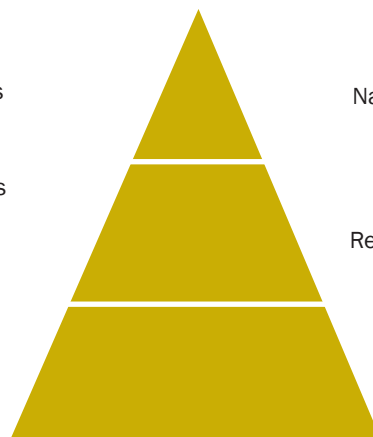
Companies and other peace-building actors

Kinds of actors:

Level 1: High-level leaders
Military/political/religious leaders
With high visibility

Level 2: Middle-level leaders
Respected leaders in their sectors
Ethnic/religious leaders
Scholars/intellectuals
NGOs

Level 3: Grassroots leaders
Local leaders
Indigenous leaders
Community development leaders
Local healthcare civil servants
Leaders of refugee camps



Counterparts in the business community:

Business leaders
National chambers of commerce
Leading guilds
Executive directors of large companies

SMEs
Regional chambers of commerce
Regional business leaders

Small businesses
Informal sector
Business associations
On a small scale

Source: Lederach, J.P. (1997) in Banfield, J., Canan Gündüz and Nick Killick. Eds. (2006).

The business
community
may serve as
an economic
nexus among
the other
actors

Finally, another important consideration worth spotlighting is the need to forge alliances in order to effectively achieve the company's goals in issues related to the inclusion of the peace-building perspective in its CSR policies. In this sense, the majority of actions analysed in this publication stress this characteristic, since they have been conducted in conjunction with foundations, governments, third sector organisations and multilateral organisations.⁴ Experience seems to indicate that this kind of structure is the most optimal for these contexts in which the combination of financing and know-how involves a multitude of both national and international actors.

According to the United Nations, a public-private alliance is a set of voluntary, cooperative relationships among both public and private parties in which all the participants agree to work together to reach a shared objective or to undertake a specific task and share the risks and responsibilities, the resources and the benefits. Alliances are a powerful instrument for addressing the question of post-war reconstruction since they enable the local perspective to be combined with the global. They are also decisive for initiatives that require solutions based on the development of local capacities through occasional external support, such as

in the case of post-war reconstruction. Alliances should enable different kinds of knowledge, experiences and resources to be combined in order to spur local efforts in the middle term. The challenges faced by post-conflict societies can only be resolved through relations, that is, through cooperation among the different actors involved, paying special attention to the sources and methods used to conduct the dialogue with the stakeholders.

A host of recent studies and reports have analysed the characteristics of alliances as well as the components they should include in order to operate effectively. Below are the factors that have been deemed the most important and that should be borne in mind by companies in complex, high-risk settings. An alliance requires an extra effort to reach consensus with the other actors, so companies must clearly perceive its benefits. It is also important to agree to a shared language among the actors and to establish each actor's expectations as a way of fending off possible misunderstandings to the extent possible. Clarifying the language also makes it possible for it to cease being an obstacle and become instead an opportunity for innovation within the company and for creating value outside it.

Public-private alliances in complex settings

The first issue to be taken into account is assessing the profile of not only the organisations but also the individuals with which the company will work. It is important to choose partners with knowledge of their human rights profile and the role they might have played within the map of the conflict. Companies should be particularly cautious and compare information through several reliable sources. In complex, high-risk settings, the information provided by the government may be biased or may ignore certain collectives. On the other hand, the widespread mistrust and insecurity that tend to prevail among the people in a post-conflict setting (such as persecution or intimidation from the government towards a given ethnic or social group) may diminish the company's ability to perceive different sensibilities or opinions.

The alliance should give rise to a participatory, balanced process among the parties, and it should in turn generate new ways of seeing both oneself and the other actors while avoiding stereotypes. It should work as a “connector”, even fostering reconciliation among the parties by generating new common, shared objectives. For this reason, alliances should entail a change in each party's perception of the conflict and post-conflict, as well as their perception of the “other”. To this end, it is important to learn about the mechanisms that join each of the actors, as well as the ones that separate them, and companies should be aware of who is being excluded and why. The exclusion of certain stakeholders in post-conflict settings may be the motive behind a new outbreak of violence, such as when a certain social or ethnic group is excluded and not taken into account in a company's hiring policy or as a beneficiary of the reconstruction of the electrical grid or the water supply system in a given town. In this sense, it is crucially important to operate both internally and externally with utter transparency, fostering the capacities of the local partners from a peace-building perspective to the utmost.

Each party, as well as all parties as a whole, must trust the project, and there must be empathy not only among the parties but also internally within each of the organisations. There must be awareness of the added value of each of them singly and of all of them together, as well as of their individual

The majority of actions analysed in this publication have been conducted in conjunction with foundations, governments, third sector organisations and multilateral organisations

Alliances are a powerful instrument for addressing the question of post-war reconstruction

An alliance
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actors

complementariness in the whole. The talent and leadership capacity of each party in their own network should not be ignored, nor should the influence that this might have in the post-conflict setting. For this reason, the support of local organisations is important, as is the role they can play in contributing to helping the company gain a foothold in the market. Last but not least, the alliance should allow for mechanisms for learning from mistakes and make it possible to change course after identifying errors in either the content or the method.

It is important to know what each of the actors is doing within the post-conflict setting and in what projects they are involved. The organisations that are going to be part of an alliance often share the same objective but differ in the way they tackle it. On the other hand, they are unaware that they are part of a larger system in which more actors that provide other partial solutions interact. It is necessary for each participant to learn about the others thoroughly so that it will be possible to construct effective synergies and new forms of public-private cooperation without losing sight of their primary *raison d'être*. In this vein, it is recommendable that the parties involved in the alliance learn about the issues in which they might bear an influence from the ground up, sharing this space jointly. This should allow them to compare their perspectives and begin to share experiences, perceptions and action programmes. Subsequently, the parties may integrate and work jointly on the proposals in a climate of inclusive dialogue.

Finally, another factor worth taking into account in complex settings is the absence of the presence of the government in some parts of the country. Despite this, presence is desirable in that it brings better governability from all perspectives. In this sense, alliances should promote a more active government presence through support for public institutions, whether central, regional or local. In short, the public-private alliance should enable the objective to be more efficient and broader in scope, additionally contributing to greater legitimacy and credibility for the parties. For companies, alliances should be a gateway to innovation.

Source: Author's own

The alliance
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balanced
process among
the parties

In short, alliances should be strategically decisive, methodologically clear and based on a previously agreed upon conceptual definition with the goal of avoiding misunderstandings. A single concept is often interpreted differently by the different groups of sectors involved, especially in post-conflict settings in which there may be opposing interests or perceptions. In any event, companies should get in touch with all the parties to the conflict (even though later some of them may not participate) to avoid the perception that they support just some of the parties, even unwittingly.

Unquestionably the first hurdle that companies must face is how to identify the organisations which will become their partners, what realistic shared or complementary objectives may be considered and how they should maintain a trusting relationship in a situation in which the armed conflict has diminished the organisational capacities of both businesses and the state. In view of this dilemma, companies must consider that in order to construct a peace-building relationship in the society in which it operates, certain specialised local organisations (foundations, NGOs and others) may advise it in terms of both the design and the implementation of its corporate social responsibility objectives. All alliances in complex settings must be a means of not only innovation but also bringing conflict sensibility into the company.

3. Analysis of experiences of bringing the peace-building perspective into CSR policies

3.1. The economic potential of the company in reconstruction

The CSR policy must take into account that countries undergoing post-war reconstruction are impoverished countries which also have major fractures and social wounds that have diminished their human and social capital.

There has traditionally been a belief in the importance of contributions from donor countries and aid programmes to the public sector to the reconstruction of a country. However, some theoreticians are claiming that the governments in developing countries in a post-conflict situation are increasingly calling for a more important role for trade and a lesser role for international aid, arguing that the world economic crisis is lowering the amount of funds earmarked for international aid (Berdal, M. and N. Mousavizadeh, 2010). In this way, the statistical model is giving way to hybrid development models in which some emerging countries (like Brazil and China) are beginning to invest in similar terms as the large international aid agencies, especially in the mining and hydrocarbon industries, thus responding to their own development model. This phenomenon thus attaches increasing importance to the inclusion of the peace-building perspective in CSR policies.

In a context of reconstruction, any kind of economic organisation, be it local or external, has an important role to play in the creation of job and self-employment opportunities and in generating some means of subsistence for people through the purchase of raw materials, products or services. A great deal has been written on the role of companies as actors in the struggle against poverty in impoverished countries, but this role is even more decisive in contexts of post-war reconstruction due to the imperative need to create opportunities to develop both individual and collective capacities as an essential way of propping up the consolidation of peace and avoiding a resumption of armed violence by collectives who lack subsistence alternatives. Another way for companies to strengthen the economic and social expectations of a country is by paying taxes. As long as the taxes are managed responsibly and transparently by the governments, they are one of the main sources of financing for the country's sustained reconstruction. To contribute to this, companies must apply corruption and transparency policies. In any event, in contexts of reconstruction, this economic role should be accompanied not only by elements aimed at combating poverty but also by a peace-building perspective, as described in this article.

In a market economy, companies can contribute to raising per capita income in a number of ways, the two main ways being by purchasing raw materials, goods and services and by creating job and entrepreneurship opportunities. To achieve this, companies must be alert to the local economic activity and support its capacities. Likewise, even though one of the private sector's main contributions to development is the creation or outsourcing of jobs, they must be sustainable and high-quality jobs that are remunerated by salaries that meet the basic needs of the employees and their families. The ILO states that the main means of emerging from poverty is a decent job.⁵ According to this organisation, more than half the population in developing countries and transitional economies lives in poverty (with one dollar or less per day), when to the contrary 50% of the population is of working age (from 15 to 64 years old).

Even more important than job creation is the company's capacity to foster individuals' employability. *Employability* is a term that refers to a professional's chances

Governments in developing countries are increasingly calling for a more important role for trade and a lesser role for international aid

of finding work. The factors that enter into play include training, experience and personal qualities and attitudes. In countries undergoing reconstruction, not only can companies foster the employability of its employees, that is, the competences that make them good professionals, but they also have the chance to encourage these capacities to revert back to the community. For example, there are companies that have particularly promoted their employees' training in IT because their job requires it, and they have then "reused" this training in their free time to work with NGOs or community associations using these technical capacities.

Companies must be alert to local economic activity and support its capacities

Fostering local development

HEINEKEN is developing a local project in Sierra Leone which has served to stimulate local commercial relations by creating hundreds of new jobs for individuals and significantly boosting the revenues of local manufacturers, thus improving the local poverty indicators. Furthermore, this project is part of its Africa strategy, whose goal is to get at least 60% of the raw materials it needs on this continent through local sources. The Regional Chairman of Heineken in Africa and the Middle East, Tom de Manm, has stated that "this project is one of the many efforts the company makes to strengthen the communities in which it acts." Additionally, it has also spotlighted this programme as an example of successful cooperation between public institutions and the private sector.

Source: Author's own based on newspaper articles

Outsourcing with local SMEs is an engine for development if it is done in accordance with the international labour rules

It is particularly important in complex settings to stress the role of SMEs and the role companies can play as promoters of the local business community. Outsourcing with local SMEs is an engine for development if it is done in accordance with the international labour rules and if technology transfer, higher productivity, training and custom financing are part of the picture. Through SMEs, local networks are set up through which top-down technology transfer takes place, generating income as well as technological advances and a consequent rise in productivity. SMEs also allow many of the businesses and jobs in the informal economy, which are predominant in countries in reconstruction, to be attracted into the formal economy. It should be recalled that local economies which have adapted to the situation of war have the capacities for innovation and entrepreneurship needed to once again adapt quickly to an economic of peace, even though the weight of the informal economy may remain important.

Beyond this role as a promoter of the local manufacturing system, companies can also adapt their products specifically to post-conflict settings, following the lines of some theories on the Bottom of the Pyramid (Prandi, M and J. M. Lozano eds. 2009). To do this, they should preferably utilise a system of alliances and dialogue with the stakeholder, as illustrated in the two experiences below.

Adapting the business to peace-building

Example 1: Two Asian companies from the heavy machinery industry adapt their bulldozers to be suitable for demining activities in post-conflict countries.

Example 2: A mobile phone application enables the refugees in conflict zones and disaster areas to get in touch with their families again. Specifically, the United Nations' High Commission for Refugees, Ericsson and the operator MTN in Uganda have launched this preliminary project in 2010 which enables refugees to be located and to reconnect with their families via mobile telephones and the Internet. The programme allows refugees to use their mobile phones to register and look for information on their loved ones in an anonymous database that aims to help these refugees get back in touch via text messages or the Internet. The information registered must be accessible to refugees and the NGOs that tend to the displaced persons so that it can be used to get these displaced persons back in touch with their families. This application is being transferred to other refugee camps in east Africa. As of today, more than 4,500 refugees have been registered in this database, many more than are estimated to have been registered in a more conventional method.

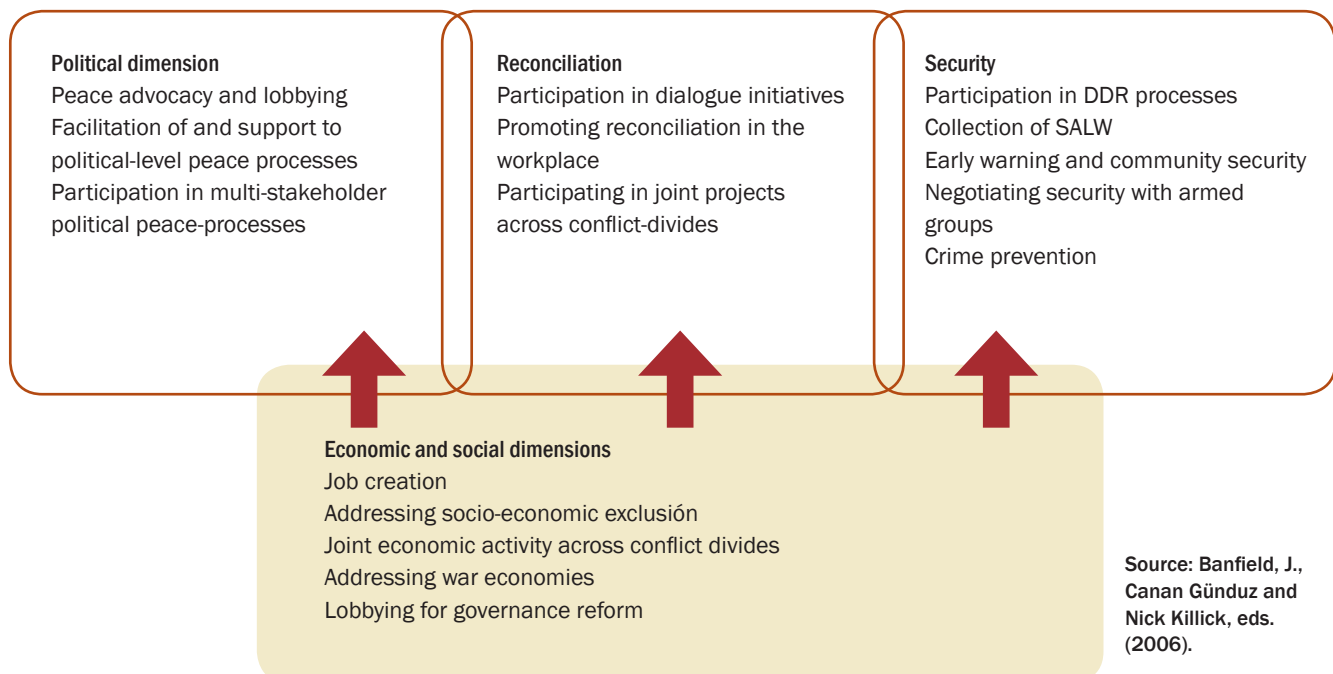
Source: United Nations Global Compact and PRI (2010)

Companies can adapt their products specifically to post-conflict settings

3.2. Building peace together with the stakeholders

Beyond their mere purpose of creating wealth during reconstruction, companies can also incorporate peace-building criteria into their CSR policies to support peace-building from their area of influence. It has been noted that the greater the ties with the country or the community where the business is located, the stronger the commitment to peace-building shown by companies with national capital⁶ or local SMEs. In the case of local SMEs (workshops, small shops), they often receive direct aid programmes or tax deductions from the government or other economic

Companies' involvement in peace actions



Source: Banfield, J., Canan Gündüz and Nick Killick, eds. (2006).

The motivations depend on the costs, both human and economic, that the armed activity has had on the business activity

institutions. However, this factor is not determining, and numerous experiences in global companies that have specific peace-building actions as part of their CSR policies demonstrate that this is not a realm set aside solely for national businesses, rather quite the contrary. The motivations and specific actions that companies can undertake in terms of peace-building often depend on the costs, both human and economic, that the armed activity has meant to the business activity and on the need to implement a strategy of rootedness in the land.

According to some authors (Banfield, J., Canan Gündüz and Nick Killick, Eds., 2006), peace-building has to do with the company's involvement in the following realms: politics, economics, security and reconciliation, as shown in the figure below.

Following this schema, below we shall present experiences in the different dimensions, starting with an analysis of the beneficiary populations of CSR policies. The majority of these experiences include the peace perspective:

- in the nucleus of the company,
- in the employment and hiring policy,
- in the relations with the community and other local actors, and
- in explicit support for a peace process (political dimension).

In any event, diverse international experiences tell us that the incorporation of peace-building considerations into business management generally includes dialogue and closer ties between CSR policies and the populations generally present in these post-conflict settings.

Type of populations present in post-war reconstruction settings

- victims, both individual and collective, of human rights violations (including women who are heads of households, minors and orphans, the disabled)
- internally displaced persons (IDP), refugees and returnees (including women who are heads of households, minors and orphans, the disabled, indigenous people)
- demobilised and former combatants (including women and minors)
- minorities and historically discriminated peoples (or people whose claims are at the root of the conflict)
- members of the armed forces and private security companies

Source: Author's own

In theory, CSR policies in economic and social realms that include peace-building criteria have a twofold objective. The first is an economic objective centred on creating opportunities for subsistence and entrepreneurship and fostering local economic activity in a responsible way with a particular focus on these collectives. The second objective is social, aimed at dealing with the social exclusion triggered by the conflict by fostering reconciliation⁷ among clashing groups and encouraging non-violent community relations in the company's area of influence. Through CSR, and by acting as connectors, companies can contribute to repairing the social fractures among clashing communities by fostering joint economic activities. These activities should be very cautiously designed and based on in-depth knowledge of both the conflict and its consequences. It should always be borne in mind that the company's first obligation is to avoid its activity having any negative impact on consolidating peace (the "Do Not Harm" principle).

After a screening of good practices worldwide, it has been determined that in order to achieve these goals, in *grosso modo* companies have acted along the following lines (although this list is not exclusive):

- By facilitating technical and values training (human rights and peace) for collectives involved in the conflict, thus supporting their employability and the development of both their technical and personal capacities.
- By employing or subcontracting collectives involved in the conflict through mentoring and personalised attention, which includes a holistic vision of the employee, their family and the community in which they operate.
- By forging alliances with the local communities and their political, economic and social organisations and supporting their community development.

In this sense, some business experiences have employed former members of demobilised or displaced armed groups after a period of training. Others have fostered the creation of cooperatives with other victims of the conflict through training and technology transfer, turning them into the company's suppliers or partners in the middle term and supporting parallel family or community projects linked to them. As mentioned above, in practice these goals translate into guidelines for dialogue with the stakeholders adapted to reconstruction scenarios in which the methodologies and issues may be different to the ones usually used in settings of peace, with special attention to the aftermath of the conflict and violence on the different actors.

3.3. CSR with the peace perspective: Training, employment and community work strategies

Below we shall outline some general guidelines for a CSR policy with a peace perspective which involves launching training, employment (or subcontracting) and community work strategies. In any event, it is important not only for the company to establish an individual relationship with the potential beneficiaries but for it to view their beneficiaries' families and communities as a whole. This can pose major dilemmas regarding how far the company's responsibility extends, so these boundaries should be discussed internally before the company conducts any actions.

If the company decides to hire the people who are usually present in countries undergoing reconstruction (see table above), it should first identify them through the established channels – which can vary from one country to the next – and provide them with specific technical training either internally or through a specialised organisation. In any event, this training should be provided by people who are familiar with these collectives, and it should include personalised mentoring throughout the entire process as well as clear rules on the commitments engaged in and the benefits they entail (such as economic aid, healthcare for the family, etc.). If necessary, the training and technical empowerment (ranging from literacy to specialised training) should also come with personalised psychological and social coaching (techniques aimed at recovering self-esteem, overcoming traumas and building confidence) during the training and part of the employment period, to be delivered by an outside organisation. In any event, experience shows that in the middle term these individuals are equally or more productive than the rest of the staff.

CSR with a peace perspective can also entail hiring policies that are noticeably different to companies' policies in countries that have not experienced an armed

Through CSR, and by acting as connectors, companies can contribute to repairing social fractures

Some business experiences have employed former members of demobilised or displaced armed groups after a period of training

It is important
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communities
as a whole

conflict. Companies should be particularly watchful about applying hiring or promotion policies that are non-discriminatory towards any given ethnic or social group, and if necessary to train people with less training. No context is like any other in the degree of destruction or social decomposition, and companies should also be aware of the cultural and historical specificities of each country when constructing their CSR policies and the dialogue with their stakeholders in these settings.

Peace-building through hiring policies

Setting: Fictitious Company A has been present in country B during a genocide that has pitted the Bata ethnic minority against the majority *Mumi*. The conflict has caused a great many deaths and serious human rights violations, especially on one side. After the conflict, the outgoing government, which has a *Mumi* majority and is supported by the international community, gradually embarks on a state policy of discrimination, vigilance and repression towards the Bata ethnic group, which it keeps away from political activity and economic power.

Challenge: Company A has not taken part in the conflict, yet nor has it designed a hiring policy that does not discriminate against any ethnic group during the post-conflict period. Having neglected this consideration, the employees of *Mumi* extraction in the hiring department reproduce the government's discrimination policy by refusing to hiring candidates from the Bata minority regardless of their qualifications. Likewise, the employees from the Bata ethnic group working in departments run by *Mumi* individuals are harassed and left without possibilities of promotion inside the company. De facto, the company has turned into an ally of the government's discrimination policy towards part of the population, and it thus has a negative impact on consolidating peace.

Solution: Company A chooses to design a non-discriminatory human rights policy and to train everyone involved in implementing this policy.

Source: Author's own

In the middle
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productive
than the rest of
the staff

Secondly, it should be borne in mind that the business activity may offer a new space for peaceful coexistence in which the different collectives can take on new roles and discover the possibility of leaving a past of violence behind them. Some of these groups look highly favourably upon a possible job in a private company, and once hired a boost in self-esteem and confidence can often be detected after an existence that has been severely buffeted about by situations of extreme violence. In the majority of cases, a job means earning a stable means of subsistence, which in turn enables family structures to be maintained and violence to be abandoned. In others, it also means abandoning ideas or convictions that were a life project. However, it should be borne in mind that the fact that a company hires people belonging to these groups can generate unease or internal rejection, so it tends to take place confidentially and with the support of the senior management. In the case of demobilised combatants, it is important to protect these people's identity for security reasons, both inside and outside the company. Only the senior executives in the company should be aware of the origins of these people who, once hired, should be treated equally in terms of working conditions and salary.

We have identified experiences of companies with peace-building projects that have involved, for example, victims, displaced persons and demobilised individuals simultaneously. In this sense, the issue of whether a company should utilise

Personalised attention to the vulnerable population⁸

Grupo Éxito (Colombia) implements a policy of tending to people in a situation of vulnerability (victims and displaced, demobilised or disabled persons), which enables these individuals to be hired as company employees after a personalised training period. The group's focus includes continuous personalised monitoring and coaching to foster the beneficiaries' capacities and responsibilities. The care is comprehensive and includes the participant's family as well as healthcare considerations. The company ensures strict confidentiality regarding these individuals' identity. Likewise, due to the aspirants' violent past, this programme has worked internally to avoid rejection and gain the support of the executives involved. The result is getting this avenue of CSR to be perceived as company policy.

Source: Grupo Éxito

Business activity may offer new space for peaceful coexistence

training and employment strategies targeted at beneficiaries who used to be part of clashing sides may be somewhat controversial. Some opinions claim that the company is acting falsely by pretending to support, within its area of influence, a purported "reconciliation" between, for example, members of armed groups and their victims if the country has not initiated an institutional and collective justice, truth and reparations process. However, some of the experiences studied demonstrate that all the beneficiaries usually feel like the victims of a setting of poverty, violence and conflict, to which they wish to cease belonging so keenly that sometimes the victims are willing to sacrifice their desire for justice and reparations. In any event, what is called "workplace reconciliation" can never be a forced process; rather it should have the approval by all the parties involved.

"Mi Llave" (My Key) project, a public-private alliance for peace-building in Colombia⁹

The "Mi Llave" (My Key) project is a social integration initiative aimed at generating leadership opportunities run by Trust for Americas, Microsoft and the High Commission for Refugees (HCR), which entails partnerships between companies and social organisations on a local level. Its goal is to create training centres in IT in towns affected by violence with a high proportion of demobilised and displaced persons and victims of the conflict, with the goal of contributing to their integration into the job market and to creating entrepreneurship alternatives based on the use of IT. Following these guidelines, the first two centres were created in Valledupar and Montería in 2007. Today, the project has eleven centres, and more than 100,000 people have sat in its classrooms.

The project seeks to forge ties among local communities, organisations and companies. In addition to the technological skills, other issues addressed include community development, culture and reconciliation values, recognition of skills and personal talents and fostering self-esteem, all of which enhance participants' employability. The goal is to get to know the "other" and for demobilised individuals (50%) and victims of the violence or the receptive population (50%) to share classrooms. In this way, both sides become aware of the difficulties each has experienced and shared, so that ultimately the participants realise that they have more similarities than differences regarding

Regarding demobilised persons, the company must ensure strictly confidential identity policy

What is called
“workplace
reconciliation”
can never be a
forced process

their violent past. On the other hand, all the material is also designed for the disabled, and attention is paid to the accessibility of the classroom. Finally, the participants receive continuous mentoring.

On an organisational level, OEA Trust raises the funds from the donors and seeks a local ally (company, NGO, local government). This organisation provides resources during the first year and purchases the computers needed. Microsoft supplies the legal software free of charge. The local partner receives financing, but it must also co-finance the project and ensure its sustainability by seeking new partners to carry on the project after the first year of support, since it must pledge to manage the classrooms for another two years. The task of OEA Trust is to raise business people’s awareness, forge networks so that the project can be sustainable and work with the communities.

Around 9-10% of the participants generate a new economic activity, and some of the people who take the courses actually become employees of the same network that manages the “Mi Llave” classroom in the region. According to the OEA Trust, experience shows that all the groups involved have been victims and that they actually share both suffering and a desire for new opportunities.

Source: Microsoft

In any event, when people in a situation of vulnerability due to a conflict join a company (either urban or rural), it should take place not only based on a decent job and non-discrimination but also paying attention to the role that each individual played in the conflict and the capacities that the company can foster within its area of influence. In this sense, companies can also support the skills that these people had developed prior to or during the conflict (such as demobilised persons who had been experts in telecommunications, tailors, cooks or nurses, or farmers who know how to work the land and care for livestock) or promote new learning adapted to the real demands of both the market and the company. In any event, it is necessary to prevent the experience from failing due to a lack of resources or misguided training. Companies should remember that this training tends to be financed by public or international bodies, so it does not always entail an additional cost and may be managed by specialised external organisations.

People in a
situation of
vulnerability
should join a
company on
a decent job
basis

The private sector can also foster the creation of cooperatives by these collectives or their family members by providing them with training and ensuring that their products or services will be purchased once they meet their quality requirements in the middle term. Some companies or business or sectoral organisations also offer training in developing business plans through corporate volunteers for people who have expressed an interest in creating their own company, cooperative or community project.¹⁰

Likewise, in the past decade, the United Nations has made a clear push for gender equality and the empowerment of women and children as one of the main ways of emerging from poverty. This is even more valid in situations of reconstruction. Despite the fact that, according to the data available, women are over-represented among the poor, recent studies have revealed that by providing girls with an educational level similar to that of boys, and by providing women with job opportunities on equal footing with men, economic growth and productivity rise steeply, child and maternal morbidity and mortality drop and the levels of nutrition and health of the population at large rise considerably. For these reasons, the international community is asking companies to establish policies that are not only non-discriminatory towards women

but also proactive regarding the role they can play in economic growth and human development through training, generating their own income and autonomy.

The private sector, in particular the sectors that traditionally employ women such as manufacturing and agriculture, must bear in mind that women with decent incomes of their own contribute significantly to lowering poverty due to the fact that they primarily use their incomes to nourish and educate their family circle. Women and mothers are therefore the entrepreneurs that companies must prioritise, as shown by the experiences in micro-financing conducted in impoverished countries in recent decades.

Women with decent incomes of their own contribute significantly to lowering poverty

Peace factories en Myanmar

The NGO Burma for Peace is launching an initiative to support the Burmese collectives that seek a peaceful outcome to the conflict. The first factory that it is contributing to creating in 2010 is a textile workshop with a capacity for around 300 Burmese and Thai women. The factory will have 100 sewing machines and a nursery for children. It will produce textile items under decent working conditions. More information at: <http://birmaniaporlapaz.org/jml/>.

Source: Birmania por la Paz

On the other hand, working with the disabled in post-conflict countries has been particularly developed by the non-governmental organisation HANDICAP INTERNATIONAL through public-private alliances in more than 69 countries. Through this NGO, numerous local and international companies have contributed to hiring people with some kind of disability stemming from the conflict, thus fostering their reinsertion into the economy and society.¹¹

Regarding CSR policies for displaced persons and refugees, it is worth noting that this group is largely forgotten in international or governmental aid programmes, as well as in companies' CSR policies.¹² Despite this, their economic reintegration, which is absent on the official reconstruction agenda, can become an opportunity for the company to contribute to peace-building.

Refugees, displaced persons and returnees

The 1951 Refugee Convention describes a refugee as a person who "owing to a well-founded fear of being persecuted for reasons of race, religion, nationality, membership of a particular social group or political opinion, is outside the country of his nationality and is unable or, owing to such fear, is unwilling to avail himself of the protection of that country". Internally displaced persons (IDPs) are people who flee from zones of conflict or civilian persecution in reaction to all sorts of threats. There is a high number of IDPs, approximately 26 million around the world. Their difference compared to refugees lies in the fact that they are displaced within their own country. The World Health Organisation (WHO) estimates that between 2.3 and 3.3 million displaced people have a disability, one third of them children.

Returnees are people who were forced to abandon their homes and then voluntarily return to their homelands. Only a minority have a chance to be resettled in third countries or to be integrated locally into their host

Working with the disabled in post-conflict countries has been a particularly developed task by HANDICAP INTERNATIONAL

societies. Within these groups, at least half of the uprooted people are women and children. Women are not only subjected to personal threats and their consequent social stigmatisation; rather they must also take charge of their families' physical security, wellbeing and survival. Adult men and boys are often neglected in the debates on forced displacement. Nevertheless, they are directly affected by armed conflicts and run the risk of forced recruitment into armies and armed groups. They often experience a serious loss of self-esteem when they become the beneficiaries of international aid. In urban areas, male refugees, both men and boys, are often threatened with arrest and exploitation, especially in countries where they are expressly forbidden to enter the job market. In this respect, companies should check the national regulations in force in the country where they are operating..

Source: UNHCR

IDPs can
become
companies'
suppliers
through micro-
companies,
family-owned
companies or
cooperatives

According to numerous surveys published by the United Nations' High Commission for Refugees (UNHCR), the temporariness of these groups' living conditions means that they are more prone to the aid or initiatives promoted by self-generated income than to being directly employed by a company, although there are also differences among countries. In this sense, it might be interesting for companies to invest in shares in micro-entrepreneurship and training that enable this collective to become their suppliers through micro-companies, family-owned companies or cooperatives. Furthermore, mainly the youngsters and adults in this group tend to come from rural areas, so actions in this realm should be top priority if the goal is to offer training and job opportunities for this group.

CSR oriented at displaced persons

In order to deal with the rural nature of collectives of displaced persons and take this into consideration in their economic reintegration, the Colombian Association of Flower Exporters (Asocolflores) is conducting a pioneering activity by creating a floriculture school in Cundinamarca in conjunction with SENA. This came in response to the difficulties in adaptation faced by the displaced persons from rural homes who had to cover jobs in urban factories. For several years, this experience provided paid training, and the participants later became employees in Asocolflores.

A company in the electrical sector, in conjunction with the UNHCR, facilitated the return of displaced persons and refugees mainly by supporting the reconstruction of electrical infrastructures in the returnee zones. This not only allowed the company to recover part of its business and market but it also consolidated it as an actor with a social impact in the zone.

Source: Author's own

Also, it has been noted that some companies that have promoted projects like childhood education in countries that are emerging from an armed conflict have not taken into account the fact that a high number of these children were displaced and that they therefore had to be the recipients of actions that are considerably different to those usually targeted at minors that are simply living in poverty. In this sense, the UNHCR and its delegation in each country can provide suitable guidelines.

We have been unable to identify important business experiences specifically involving indigenous communities that have been displaced because of the conflict. However, companies should be particularly careful to evaluate whether a given reconstruction activity might cause new population displacements and how to manage this if the prior consultations with the people involved allow it.¹³

Finally, companies are particularly reluctant to contribute to the economic reintegration of former combatants (both male and female) within their area of influence because of their armed activity. However, this is one of the groups of actors that can most endanger the consolidation of peace if they take up weapons again because of a lack of economic alternatives for subsistence. Furthermore, this group is also the target of prejudice and stigmatisation.

In this sense, companies should know that after the peace agreements are signed, combatants tend to lay down their weapons, demilitarise and reintegrate into civilian life. This complex process is known as disarmament, demobilisation and reintegration (DDR) of the former combatants. Thus, a given number of combatants, either individually or collectively, belonging to either the armed forces or armed opposition groups, are disarmed, demobilised and reintegrate either into civilian life or into the country's armed or security forces.

What is the reinsertion and reintegration of former combatants?

The letter “R” in DDR programmes can be subdivided into reinsertion and reintegration, thus becoming what is known as DDRR depending on how long it lasts over time.

- **Reinsertion:** This is assistance offered to former combatants during the demobilisation but prior to the long-term reintegration process. This is a form of transitional assistance to cover the basic needs of the former combatants and their families, and it can include provisions for security, food, clothing, medical services, education (in the short term), training, jobs and tools.
- **Reintegration:** This is a process in which the former combatants acquire the status of civilians and get sustainable jobs with regular income. It is essentially a social and economic process with an open timeframe that takes place first in the communities. It is part of the overall development of a country and is a national responsibility, although it often requires outside assistance in the long term. Originally, reintegration was envisioned as economic opportunities for former combatants, especially regarding vocational training. However, awareness was gradually gained of the need to engage in the social facet of this phase for the sake of greater reconciliation for a society immersed in post-war rehabilitation.

Source: United Nations

Former
combatants
are the
target of
prejudice and
stigmatisation

The collective of former combatants may have experienced situations of extreme violence (especially serious human rights violations, including massacres, crimes against humanity, genocide, etc.). This is the main reason why companies may initially be reluctant to employ this kind of person. In some cases, they are young, single, male farmers who are poor and illiterate (in Somalia), while in others they are women (more than 30% are women in Nepal). In West Africa, there are many soldiers who are minors, while in the communist guerrillas in Asian countries they tend to be young adults from urban settings with a medium level of education.

In the case of the private sector's involvement as a supplier of jobs for this group, it should be stressed that companies can provide direct jobs or can do so through their own or an external foundation. Indeed, when companies perceive some sort of difficulty in directly hiring or subcontracting former combatants, they can choose to do so through a foundation or organisation in the local third sector, or even hire some member of the family structure. There have been cases in which companies that did not want to be directly linked to this group hired their wives. Companies should be aware that they may be given a government incentive to hire former combatants.¹⁴ In any event, the private sector may also prefer one kind of demobilised person over another due to their social and educational background.¹⁵ In some cases, companies have offered corporate volunteer programmes that help to generate entrepreneurship that have been highly successful, and some experiences have promoted the generation of family-owned businesses that have ended up being more sustainable than cooperatives over time.

Jobs generated by business plans in Colombia

2007:	503
2008:	578
2009:	806
2010 (until May):	211

Total: 3406 jobs generated by business plans.

Source: Alta Consejería para la Reintegración

In some cases, private companies have hired former combatants to work as security staff. However, this is not a recommendable job in terms of peace-building because it does not mean an abandonment of armed activity for the people involved and instead may spark problems related to the security of both the population and the companies themselves.

The profile
of former
combatants
may vary from
one country to
another

Alternatives to hiring demobilised persons

Company C does not consider it wise to hire demobilised individuals for security reasons, so it chooses to provide them with training and entrepreneurship opportunities through its foundation or a specialised local organisation. In parallel, it also offers their wives the possibility of creating a cooperative with the goal of supplying the company's catering in the middle term. To do this, it provides the wives with specific training as well as logistical support.

Source: Author's own

On the other hand, it is worth noting that employing demobilised women has traditionally been rather neglected, as they are usually a minority within this collective. These women have consequently chosen the route of self-employment in the informal economy. Apart from demobilised women per se, in many conflicts networks of women (wives, sisters, daughters, etc.) have been created to support their family members in the armed groups (information, maintenance, housing, etc.), and once the conflict is over they also have economic and social reintegration needs in order to shift from the war economy to the peace economy. From this broad

perspective, the role of companies regarding this collective is extremely important in consolidating peace, even more so, according to several analyses, when this group is the one that is spearheading the peace-building experience in the communities that were affected by the conflict.

The profile of these people is diverse, but the activities they performed during the conflict facilitated capacities like medicine (especially natural medicine based on natural resources), nursing, logistics, community work, sewing, agriculture, family assistance and psychological care and strengthening. Often, however, these skills contrast with a low level of formal education and difficulties in adapting to a new life plan. In any events, companies are advised to prioritise the personal or family trades or arts as well as any formal education that they might have obtained prior to the conflict. Any proposal from the private sector should offer training and promotion opportunities, both social and economic, as well as support for the family structure. It is also important to generate organisational opportunities that encourage these individuals' leadership and stimulate them to achieve self-confidence in the company's area of influence.

Finally, we should point out several business experiences with regard to the minorities and peoples who have historically been discriminated against and whose claims may be part of the root of the conflict or who have been directly affected by the violence of the conflict. The main strand of these experiences is the training and empowerment of local communities with the goal of fostering employment and entrepreneurship, as well as activities that benefit their families and the rest of the community. In complex settings, companies should be even more mindful of the country's ethnic and cultural diversity when constructing its CSR policy.

Indigenous people or mestizos are the ones with the lowest quality jobs according to figures provided by expert organisations. Faced with this situation, the company's human resources policy should adopt long-term corrective measures to the extent possible by investing in professional training in order to not de facto exclude certain collectives that have collectively been marginalised from certain jobs. To begin with, it is recommendable for companies to be aware of the proportion of given ethnic groups or minorities within the population as a whole in the local sphere, so that they can then contrast this proportion with their presence in the company, bearing in mind also which jobs they hold and the gender perspective. Likewise, companies must also take into account the fact that certain people will undoubtedly require a sustained effort in lifelong learning in order to bring their opportunities on par with those of the other employees in the middle term.

In some cases, companies have offered corporate volunteer programmes that help to generate entrepreneurship

Indigenous people or *mestizos* are the ones with the lowest quality jobs according to figures provided by expert organisations

The diversity that creates value in a company



Source: Author's own

Companies
are advised
to prioritise
personal or
family trades
or arts

However, companies should know that this is not an easy job to perform in societies where structural discrimination is taken for granted in the economic, social and cultural system. Therefore, it may be useful for the company to resort to local organisations and trade unions that are aware of the social context in order to be properly advised. Nor should companies forget that this policy may cause serious internal tensions among employees, so it must be undertaken after having worked internally to propagate certain values that foster respect and inclusion over racial, religious or other prejudices. In short, companies must often seek a tricky balance involving advocating diversity and cultural respect for customs that seem inalterable.

In this sense, the decision to focus on non-discrimination, diversity and internal training – professional training, but also values training – is the most effective tool for companies to contribute to promoting human rights of mestizos and multi-ethnic peoples from their area of influence, both in societies where they make up a significant portion of the population and in societies where they are a minority. Companies will also have to cultivate transparency in this sense, so they should not forget to refer to this policy, its objectives and its results in the corporate social responsibility reports they publish.

PAVCO's experience with discriminated communities

In the 1990s, Grupo Amanco set up a manufacturing plant (PAVCO) in Norte del Cauca, one of the poorest regions in Colombia, which had also been affected by numerous actors in the conflict. The group, owned by MEXICHEM, is a leader in Latin America in the manufacture and commercialisation of water conduction and fluid control systems (Tubosistemas). The company decided to implement a strategy to develop local capacities with the goal of getting the people from Norte del Cauca involved in the company's operations. This initiative materialised in hiring 100 direct employees with indefinite contracts. The industrial estate is surrounded by small settlements of communities of African descent.

Unlike the other companies present in the industrial estates in the region, PAVCO decided to work with people originally from the region living in the communities affected by the violence. The company therefore invested in intensive training programmes, and even though it started with a positive image of the staff present in the region, it was not unaware of their limitations. Through a training effort and with the aid of state organisations, the employees of PAVCO raised their levels of basic and specific competences needed to perform their jobs. The employees, who had never before worked in the manufacturing sector, currently have technical and even professional degrees, and some of them even hold management positions in the plant as supervisors or process engineers.

When operations got underway in 1998, there was widespread prejudice in the region among the business community towards workers from the region. After eleven years in operation, the PAVCO plant in shows extremely positive productivity indicators, with 82% of the staff originally from the region. It is regarded as a model plant within the MEXICHEM group.

Over these years, PAVCO has developed parallel programmes with the female family members of workers in the region by implementing inclusive businesses (Minga Mujer Association) as a strategy aimed at the socio-economic integration of communities in the environs into the value chain. Interested in the development of neighbouring communities, and bearing in mind that some of these women belonged to the family of its workers, PAVCO turned the association into the catering supplier at its plant. For a little over three years, the Minga Mujer Association has also provided the company with wipes, and given the quality of its supplies, it started a dissemination process in the industrial zone which made it possible for other companies to take them as service providers, not only for food but also for sewing.

PAVCO also makes social investments in alliance with the local governments and UNICEF through infrastructure projects in the educational system in the region. Almost 230 thousand dollars (450 million pesos) has been invested and is directly managed in the execution of the construction projects, where not only the local government and the company but also the community and workers are participating. Likewise, PAVCO is spearheading the project to ensure that drinking water becomes a reality through the involvement of the General Manager of PAVCO and the entire organisation. According to the company, this has led to commitment and loyalty from the workers and the community in the region.

According to PAVCO, this strategic vision has generated the following benefits:

- a. Formal job opportunities for the communities, which lowers the risk that they become involved in the conflict because of the dire economic circumstances in which they live;
- b. Improvements in the level of training of people in the region, becoming a benchmark in progress for their communities;
- c. Positive production and profitability indicators as a result of recognition of the rights of local communities who had previously been excluded. Environmental respect, a key part of these communities' culture, has also been a decisive factor in securing the employees' commitment.

Source: PAVCO

Companies
should go for
diversity

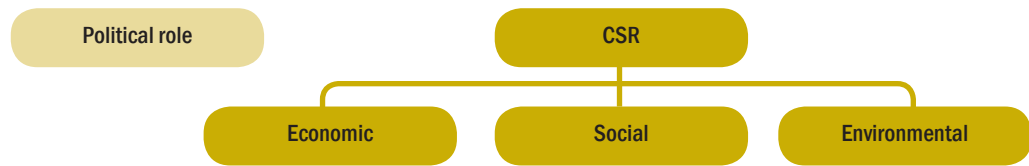
Finally, it is important that companies whose CSR policy aims to contribute to peace and gain a foothold in the market by generating trust also support the basic needs of the community in which they operate, particularly in post-conflict settings. This is the case of numerous business experiences which have focused on strengthening the healthcare system in settings of reconstruction taking into account both the endemic illnesses in the zone and the ones that emerged as a result of the conflict.¹⁶ The cost-benefit ratio is clearly favourable for companies, as shown, for example, in the case of the policy of an oil company in Asia whose cost for setting up a community relations policy was estimated at six million dollars, equivalent to 0.13% of the total cost of the project (United Nations Global Compact and PRI, 2010).

It is important
for companies
to support the
basic needs of
the community
in which they
operate

3.4. The political dimension of CSR in peace-building: The role of companies in peace negotiations

Companies have a high potential for reconstruction through economic development as well as through their CSR policies, but it can also play a role as a peace-builder through actions that sometimes extend beyond the traditional conceptions of CSR theories, as shall be seen below, which are based on a role that is limited to economic, social and environmental considerations. Indeed, in different contexts and countries in conflict or post-war reconstruction, companies have developed policies and activities that have gone even further, such as by actively supporting the negotiation of a peace process among the parties involved. These activities illustrate the dynamics of change that are taking place between the state, the economy and civil society (Scherer and Palazzo, 2007) and the consequent decentralisation of authority and the emergence of power in the hands of non-state actors questioning the concept of nation-state (Rondinelli, 2002). In this context, numerous authors talk about companies as the new political actors on the world scene (Scherer, Palazzo and Baumann, 2006) and even propose a political concept of CSR (Scherer and Palazzo, 2010).

The three cornerstones of CSR + 1



Source: Author's own

Numerous authors talk about companies as the new political actors on the world scene

In recent years, the private sector has participated in formal peace processes by promoting them from the inside as part of the negotiating team or from the outside by mobilising public opinion, serving as a bridge between the clashing parties or offering logistical support. This has taken place in countries with different kinds of conflicts such as Colombia, El Salvador, Guatemala, Northern Ireland, Mozambique, South Africa, DR Congo and Sri Lanka.

In any event, recent studies indicate that in contexts in which the private sector has had a high degree of credibility (even higher than some formal actors in the conflict), direct access to the parties in the conflict and a strategic interest in resolving the conflict, it can become a direct actor and make a significant impact in the course of the peace process (Tripathi and Gündüz, 2008).

However, in many cases companies' motivations, which have been as diverse as the conflicts in the world, seem to have reflected a the need for peace as the only means to conduct larger-scale economic activity that leads to the consequent rise in profits and a drop in the costs associated with the conflict¹⁷. This has been called the "peace dividend".¹⁸ In some cases, another motive has been an alliance with the political elite for the political-economic "sharing" of the country in the reconstruction period, despite the fact that these elites have often been closely linked to the socio-economic roots of the conflict. In these cases, the interests of the political and economic elites in a given country, which in some cases were part of the structural causes of the conflict and the armed violence, may remain under the radar in the peace agreements, thus maintaining a political and economic status quo that is not very favourable to the redesign of a country in terms of peace, human security or social justice.

Factors that explain the private sector's involvement in peace-building

- Reduction in the financial and human costs associated with the conflict
- Rise in the benefits associated with resolving the conflict
- Reduction in the high levels of violence to which the company is subjected
- Moral motivation, profile and leadership of some business people
- International or regional economic embargoes
- Absence of the State
- Need to preserve the elites' economic interests in the post-conflict era
- Relative weight of economic issues in resolving the conflict
- Importance of the clout of the business sector and its credibility in the eyes of the other actors
- Capacity to mediate between the parties
- Business culture on local community relations
- Explicit request from some of the actors in the conflict to get involved
- Apparent neutrality of the private sector compared to the political actors
- Capacity to unblock the negotiations
- Financial, technical and logistical capacities

Source: Author's own

In recent years, the private sector has participated in formal peace processes

Despite the fact that this article is going to focus on aspects contributed by the private sector that can support the peace process and peace negotiations, it is important not to lose sight of some of the most important factors that may advise against intervention by the private sector in these issues, such as its disconnect with the factors involved in resolving the conflict, an intransigent posture towards changes that the country requires in terms of the economic model or power, or the defence of economic interests that run counter to the general interests.

The case of South Africa

In South Africa, a country subjected to the system of apartheid until 1994, a major swath of the business community gradually started to support the dismantlement of apartheid discreetly in the late 1970s (Theuns, 2007). This support culminated in the creation of the Consultative Business Movement (CBM) in early 1989. This organisation began to break down the barriers between the different actors (mainly the African National Congress and the United Democratic Front) and even acted as a mediator when the Inkatha Freedom Party (ICF) threatened to withdraw from the elections in 1994. Its credibility and impartiality gave the business sector a preeminent role during much of the process due to the importance of the economic issues involved in maintaining and resolving the conflict. The CBM was also a business instrument for maintaining economic stability throughout the transition process, offering both local and foreign companies a certain degree of security. In any event, the CBM forged a dialogue with the African National Congress (ANC) when it was still in exile, was one of the instigators of the formal peace process by actively supporting the Multi-Party Negotiating Process set up the National Economic Forum in 1992. It also actively participated in the policy of changes and the application of an ambitious post-apartheid socio-economic programme (Reconstruction and Development Programme).

Later on, in 1995, the business class' support in the post-apartheid era took shape in the National Business Initiative (NBI), which, with the clear support of President

In South Africa, a major swath of the business community gradually started to support the dismantlement of apartheid

Mandela, developed two important initiatives: Business Against Crime (BAC), an organisation created in 1996 to deal with issues linked to the security and stability of the new democracy, and the Business Trust (BT), founded in 1998 with the goal of designing economic growth strategies, training future workers and creating jobs. Both initiatives were an active alliance between the business sector and the government and are examples of the incorporation of peace-building considerations into different actions in classic CSR policies.

CBM forged a dialogue with the African National Congress (ANC) when it was still in exile

Starting in 1999, the economic development programme was going slowly and so it was politically replaced by a call for a better redistribution of economic power in favour of the black population and other minorities. In fact, this was one of the key factors in the reconstruction of the country which should make it possible to avoid a return to the previous economic status quo. Companies then had to respond to the new political needs that required a greater redistribution of the economic power on equal terms. Ten percent of the population of South Africa, the white population, continued controlling the majority of the important businesses in the country. This tendency was even captured legislatively in the controversial Black Economic Empowerment Act 53/2003, which obligated greater equality in employment and an equitable redistribution of the property of some companies among the white and black populations.¹⁹

In a more recent phase, President Mbeki mentioned the role of the state in the transformation of South Africa as the “Development State”, based on the idea that market forces alone could not resolve poverty and inequality. Therefore, a counterweight is necessary, in this case the State, through redistribution. Later on, a new interpretative criteria, “broad based” (BB), was added to the principle of redistribution of economic power to the black population (black economic empowerment, or BEE) seen above, because its implementation did not reach the poorer echelons of society and only brought wealth to the black upper classes. The new criterion coined is broad-based black economic empowerment (BBBEE). However, these policies are thwarted by the impossibility of raising public spending and the lack of qualified staff.

It is unquestionable that broadly speaking companies’ participation in peace-building in South Africa was crucial to the success of the transition towards a democratic regime. However, parallel to these initiatives, it is worth noting that numerous companies present in the country during apartheid are currently facing lawsuits in United States courts because of their presumed complicity with the regime and with human rights abuses.

Companies’ participation in peace-building in South Africa was crucial to the success of the transition towards a democratic regime

The Khulumani case

In 2002, a group of South African citizens filed grievances against 33 companies in a United States federal court under the Alien Tort Claims Acts. The plaintiffs alleged that the presence of these companies during apartheid facilitated the human rights abuses towards the black population at the hands of the government, that they were instruments that encouraged these abuses, and that the system of apartheid was heavily supported by the financial and logistical support provided by these companies. For example, according to the judge hearing the case, Ford, GM and Daimler provided specially armoured cars to the security forces of the country, and IBM provided identity documents with discriminatory profiles. The government of South Africa, which initially opposed this lawsuit, which is still underway against a small number of companies, announced its support for the principle of the lawsuits.

Source: Author’s own

The case of Colombia

In the case of Colombia, the business sector signed the 1998 agreement reached by the Government and the National Liberation Army (ELN) in Mainz (Germany). Regarding the negotiations with the FARC (Revolutionary Armed Forces of Colombia), the government of Andrés Pastrana (1998-2002) sought the initial support of the private sector in the negotiation, but the process was broken off three years later in February 2002 due to a major spike in guerrilla violence and a lack of serious proposals from the government.²⁰ There was always a high-level representative from the business sector on the thematic committee,²¹ although in the last period of negotiations the Presidential Commission relegated the business sector to the background, limiting it only to technical issues. In this way, the government was hoping that the private sector in Colombia would interpret and respond to the economic issues brought up by the FARC.

This private sector's pro-peace stance contrasts with that period President Álvaro Uribe when he was in power (2002-2010). During that time, the application of the so-called "democratic security policy" and the military means of resolving the conflict received support from the business sector because de facto it meant greater and better mobility for businesses around the country. The private sector's support of the reintegration of demobilised guerrillas under Uribe's government therefore often reflected "gratitude" from Colombian businesses for the government's efforts to improve companies' operative capacity in the country. It was also a response to President Uribe's explicit call for Colombian companies to help to provide jobs to the more than 50,000 soldiers recently demobilised within their area of influence.

Another noteworthy example of the private sector's involvement in negotiating a peace process can be found in countries in which the exploitation of natural resources has been one of the key factors in the negotiations to end the hostilities. In these cases, the exploitation of natural resources (gas, oil, diamonds, minerals, etc.), often limited to one region of the country, is not only the main source of national revenue, and therefore the fuel behind country's military capacity, rather it is also one of the underlying causes of the conflict and of the social fracture that the country is experiencing. In countless cases, control of these resources has generated a rift among the different communities as well as widespread discontent among the people, who see how the generation of revenues does not mean improved living conditions for the population at large, which still has to shoulder the direct costs of the associated environmental degradation. In some conflicts, such as those in the Niger Delta and the Philippines, the exploitation of resources is on the negotiation agendas and the companies in charge of exploiting these resources are therefore involved,²² even more so when these communities perceive oil companies as "the only government they know".²³ In this sense, resolving the issues that affect the management of resources and the role companies play in this can create opportunities for peace or, to the contrary, can only serve to exacerbate the detonators of the conflict (UNEP, 2009). This is particularly important since, according to data from the UNEP, 40% of the inter-state conflicts since 1960 are related to natural resources.

According to recent studies (Haysom and Kane, 2009), natural resources have been dealt with in peace negotiations in varying ways. In some cases, a reference has been included on their ownership and management in the articles of a new constitution or a peace agreement. In other cases, it has been pushed to secondary status in the agreements despite their importance in transforming the conflict. According to the UNEP, fewer than one-fourth of the peace agreements in conflicts related to natural resources deal with the management and governance

In the case of Colombia, the business sector signed the 1998 agreement reached by the Government and the National Liberation Army (ELN)

of these resources (Ibid). In any event, this is the question that lies at the root of many conflicts, can perpetuate war economies even in contexts of peace and therefore can sow the seeds for the resurgence of violence.

The role of the private sector in some of these contexts can be controversial since in some cases it might be an accomplice in maintaining the status quo (a given distribution of the profits from exploiting the natural resources or the distribution of land ownership, etc.), which prevents the changes needed to overcome some of the causes of the conflict from taking root which would, in turn, lead to a better distribution of the wealth. These situations have led some countries to renegotiate their contracts with companies that had signed exploitation concessions and licenses in terms that were disadvantageous to the economy of the country and the population at large during the war (such as in the DR Congo). In any event, the management of natural resources should create the conditions for an alternative, more sustainable local economy to be developed over time.

3.5. From risk management to security control

Natural resources have been dealt with in peace negotiations in various ways

One of the most important questions for companies in certain contexts of conflict and post-conflict is how to make the legitimate need to protect their facilities and staff compatible with ensuring the utmost respect for human rights and IHL. Recent experience shows that regardless of whether they used regular armed forces or a private security company, security jobs must be performed following a given internationally recognised action protocol in human rights along with the internal laws of the country.

In order to guarantee that the company is not accused of being an accomplice to human rights abuses and IHL violations, information must first be gathered on the human rights record of the people or organisations that will guarantee their security. We should bear in mind that today this is a particularly sensitive issue for companies' reputation, both locally and internationally. The scope of this issue for a company's reputation was manifested a few years ago in the case of the mining company Free Port McMoRan, whose shares lost value when the company was investigated by US government agencies for illegal payments to the security forces that patrolled its facilities in Indonesia.

Secondly, companies should set the limits in the security tasks through a protocol or an internal code governed by the relevant international human rights or IHL standards. It necessary, ad hoc training mechanisms should be provided along with effective sanction mechanisms in the event of noncompliance. A company that is aware of or authorises a case of human rights abuses by the security services it has hired may be liable in criminal or civil courts.

Companies should be particularly careful when asking for or approving the militarisation of their area of exploitation in a context in which the government and its security forces are regarded as repressive to the citizens' human rights based on international human rights reports. In these extremely complex contexts characterised by systematic human rights abuses, the local community often cannot distinguish between a company's security activities and the regime's repressive policy if the people who protect the company's facilities are exactly the same ones who are charged with conducting repressive activities or human rights violations in the zone at the behest of the government. This situation involves a higher risk for companies if they provide supplies or infrastructures for military actions or repression of any of the clashing parties through either action or omission. For instance, BP agreed on specific conditions to protect its Tangguh LNG gas project

with the Indonesian government. Through this agreement, the military presence was reduced (limited only to exceptional cases) and the role of the local police was strengthened. Likewise, the company confirmed that all the payments to be made for security services should be done transparently and publicly.²⁴

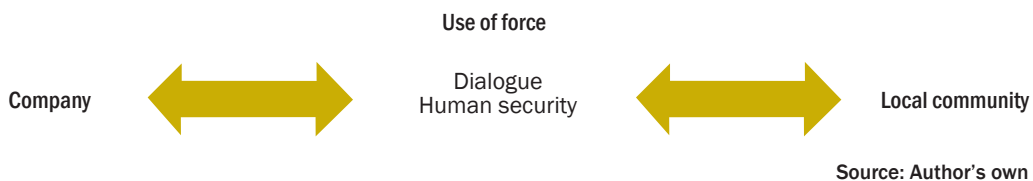
Therefore, it is crucial for companies to outline a series of conditions so that the security forces do not commit human rights abuses against the people in the nearby communities as part of their actions to protect the facilities, since the company that hires these services will ultimately be liable for these actions. The private sector must bear in mind that this issue is particularly important in contexts of post-war reconstruction, since it could seriously jeopardise their reputation in the international financial markets.

In short, the issue of security is particularly important in that it is often a key factor in the company's relationship with the local community. In this sense, certain companies have begun to focus on an active community policy which brings development to the zone by reinforcing human security and dialogue instead of a more classical kind of security based on the use of force.

As an example of this, we can cite the fact that during the unrest in Los Angeles in 1992 known as the Rodney King Uprising, when thousands of people performed numerous acts of violence and looting in the city's shops. However, the attackers did not target the facilities of one of the fast food chains in the city as a result of its intense policy of community relations and rootedness in the area. This policy consisted of direct action and proximity with the local communities, which resulted in the local community's perceiving the company's assets (buildings and staff) as their own and not as someone else's and thus liable to being attacked.

Security jobs must be performed following a given internationally recognised action protocol in human rights

Companies' relations with the local community **Use of force or human security?**



Finally, we should note that several of the leading international initiatives designed to advise companies on how they can deal with security include the United Nations' Basic Principles on the Use of Force and Firearms by Law Enforcement Officials, the United Nations' Code of Conduct for Law Enforcement Officials and the Voluntary Principles on Security and Human Rights..

Voluntary principles on security and human rights

- The kind and number of public security forces deployed should be appropriate and proportionate to the threat, in accordance with the law and international codes.
- The purpose of private security is defensive and preventative.
- Transfers of equipment, supplies or facilities to security services must mean that they shall not be used to commit human rights abuses.
- People involved in human rights abuses shall not provide this service.

The issue of security is a key factor in the company's relationship with the local community

Companies should be particularly careful when asking for or approving the militarisation of their area of exploitation

- Force shall be used only when strictly necessary and in proportion to the threat.
- People's rights should not be violated when they are exercising their rights of freedom of association and peaceful assembly.
- When force must be used, medical care should be supplied to all injured persons.
- It may often be necessary to conduct training efforts.
- Companies must report any abuse committed by the public forces in their area of protection to the competent authorities, asking for an investigation of the case and the appropriate follow-up. Companies must monitor private security forces, investigate any complaint about them and, if applicable, report them to the competent authorities.

Source: Author's own

Finally, it is worth noting that in late 2010 the Swiss government presented the International Code of Conduct for Private Security Service Providers, drawn up with the active participation of the business sector. This code of conduct has defined a series of operating standards for companies in the sector which combine a respect for human rights with the protection of business interests. This tool now joins others, such as the one developed in Colombia for the mining industry.

Conclusions

Companies have a vast potential to build peace from a privileged vantage point but also with a great deal of responsibility

In short, all of these lessons reveal companies' vast potential to build peace from a privileged vantage point, yet one with a great deal of responsibility. One of the keys to the success of these CSR actions unquestionably involves forging alliances with partners that share the same innovative vision and effective management in complex settings. Without alliances, CSR in context of post-war reconstruction becomes exceedingly complex.

It is equally necessary for a CSR-oriented peace-building policy to be constructed in conjunction with the stakeholders present in these contexts as a way of understanding the ways in which companies can act as connectors or dividers. This relationship with their stakeholders not only affords companies greater legitimacy for operating, rather they are also a source of a competitive advantage because of the degree of innovation they generate both inside and outside the company. These relationships, which can be quite complex, must become a leitmotiv in business management in these settings, in which the creation of mutual trust-building measures is indispensable.

Notes:

1. The GRI, for example, includes no specific indicator on peace-building in its set of social indicators.
2. See the section 'From armed conflicts to peace-building'.
3. The phases are pre-negotiation, negotiation and post-agreement.
4. See Part 4.
5. The ILO defines a "decent job" as one that is performed in conditions of freedom, equality, security and human dignity. Within these four major components, the ILO prioritises freedom to join a trade union, collective bargaining and the struggle against forced labour; equality and the fight against on-the-job discrimination based on race, ethnic group, national background, religion, age or gender; social security and the protection against workplace risks and unemployment; and the eradication of child labour and social dialogue.
6. *Local Business, Local Peace: The Peacebuilding Potential of the Domestic Private Sector* by International Alert describes experiences of peace-building policies by local companies

in Afghanistan, Bosnia-Herzegovina, Burundi, Colombia, Cyprus, DR Congo, El Salvador, Guatemala, Israel/Palestine, Kosovo, Nepal, Nigeria, Northern Ireland, the Philippines, Sierra Leone, Somalia, South African, the southern Caucasus and Sri Lanka.

7. Lederach (1998) views reconciliation as meaning the restoration and reconstruction of relations, which entails one way of building peace rooted in personal realities and people's needs.

8. See the article by Luz Angela Zuluaga 'Grupo ÉXITO and its care of the vulnerable population in Colombia'

9. See the article by Jorge Silva 'MI LLAVE', Social Integration Initiative to Generate Productive Opportunities'

10. See the experience of the Time Bank (Banco del Tiempo) promoted by the High Commission for Reintegration in Colombia (Alta Consejería para la Reintegración).

11. More information at <<http://www.handicap-international.org/>>.

12. As an example, the 3.5 million displaced persons in Colombia in 2010 are a collective that have not only been victims of the conflict but have also been stigmatised for their presumed involvement in it.

13. See the article by Carlos Fernández and Aitor Pérez, 'Companies as actors in post-war reconstruction'.

14. In Colombia, these incentives can account for up to 30% of the salary for one year, which is particularly appreciated by SMEs.

15. In the case of Colombia, the business sector has shown a preference for demobilised individuals from the guerrillas over paramilitaries because of their greater sense of discipline and work ethic the former tend to show.

16. See the article by Daniel Arenas and Katinka C. van Cranenburgh "La asistencia sanitaria de Heineken en entornos complejos".

17. See the article by Angelika Rettberg "La participación del sector privado en la construcción de paz: inventario e identificación de algunos ejemplos ilustrativos".

18. See the article by Camilla Shipa "El valor de la paz para la economía".

19. A similar initiative was repeated in Zimbabwe in 2010, where a law aims to foster the gradual entry of the black population into the management of foreign companies. This law, which was approved in early 2010, requires foreign companies, including mining companies and banks, to transfer 51% of their shares to black Zimbabweans in the long term. The government is considering the possibility of beginning with a threshold of ten percent for the local population. The initiative has aroused fears among foreign investors despite the fact that Zimbabwe needs foreign capital to maintain its economy, especially after a decade of political and consequently economic upheaval under the presidency of Robert Mugabe.

20. The government and the FARC only agreed to a truce in part of the country (San Vicente del Caguán and four other municipalities) while they did not agree to a cessation of hostilities in the rest of the country.

21. Nicanor Restrepo, Pedro Gómez, Ramón de la Torre, Ricardo Correa.

22. See the article by Esther Henchen 'El papel del sector extractivo en el desarrollo sostenible y la paz en Nigeria: el caso de Royal Dutch Shell'.

23. See the article by Esther Henchen 'El papel del sector extractivo en el desarrollo sostenible y la paz en Nigeria: el caso de Royal Dutch Shell'.

24. In the United States, some companies are already being investigated for illicit payments, in what is a clear violation of this country's anti-corruption laws (Foreign Corrupt Practices Act, 1977).

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Part Two:

The economic dimension of peace

The value of peace to the economy

Camila Schippa. Senior Vice President, Global Peace Index, Sidney

Introduction

Peace is notoriously difficult to define and even more difficult to measure. However the Institute of Economics and Peace (IEP), particularly in its work related to the Global Peace Index¹, has made substantial headway. IEP has developed a framework for measuring peace, identifying the factors that create peace and monetarily value peace. This, in turn, enables business to understand the impact of peace on their markets, cost structures and margins.

Research undertaken using data from the Global Peace Index (GPI) has shown that societies with well-functioning governments, sound business environment, high levels of freedom of information, low levels of corruption, high participation rates in education, deep respect for human rights and good relations with their neighbouring states are more likely to experience low levels of violence.²

The benefits brought about by peace can also be measured in economic terms. Peace does in fact have a monetary value independent of the human values associated with it. It can be expressed in terms of the additional value to global GDP that would ensue from creating a peaceful world.

If the cost of investing in proactive peace-creation was minimal compared to the lost potential caused by violence, then would it not be apt for governments to free up the resources needed to build a more peaceful society? And would it not be fitting for business to engage with government and civil society to create peace in the markets in which they operate?

The following pages present the results of our analysis on the impact of peace to the global economy. We discuss the monetary value that peace would bring to the major global industry sectors and show the effect of peacefulness on various economic sectors within two selected countries thereby enabling a better understanding of what sectors within an economy would grow and by how much, from reductions in violence.

Background

In 2009, Brauer and Tepper Marlin³ calculated that the cessation of violence would generate a “peace dividend” equivalent to approximately 13.1% of the 2007 gross world product. This was divided into two categories that were labelled Dynamic Peace and Static Peace. Dynamic Peace referred to the total additional economic

The benefits brought about by peace can also be measured in economic terms

In 2009, Brauer and Tepper Marlin calculated that the cessation of violence would generate a “peace dividend” equivalent to approximately 13.1% of the 2007 gross world product

Studies of violence in Latin American countries show that lost GDP growth through violence is not recoverable

output likely to occur due to the liberation of human, social and physical capital, which was suppressed by violence and had been calculated at 8.7% of global GDP in 2007 or US\$4.8 trillion. Static Peace captured the economic activity that would be transferred from violence related industries to peace related industries, i.e. expenditure on prison guards could be transferred to more teachers due to the need to imprison less people. This was calculated at 4.4% of global GDP or \$US2.4 trillion. When added together, the Static and Dynamic Peace dividends make up the total peace dividend of 13.1% or US\$ 7.2 trillion.

The Institute for Economics and Peace commissioned an extension of this analysis for 2010 to identify trends in the peace dividend over time and to estimate the impact by industry sector for each of the countries included in the GPI. This additional analysis was carried out in collaboration with Dr Jurgen Brauer,⁴ Professor of Economics at Augusta State University, USA.

Before presenting the outcomes of the research some simple observations based on the literature are worth considering.

- The figures used are conservative; estimates could place the peace dividend significantly higher.
- Additional world GDP growth in any one year could be at the minimum doubled if there was a cessation of global violence .
- The global financial crisis saw the global economies contract 0.6% in 2008-2009. An economic downturn occurs about once every 10 years; however world economic growth could have been 8.5% higher if the world was peaceful.
- Studies of violence in Latin American countries show that lost GDP growth through violence is not recoverable, i.e. there is a compounding effect on the gap between the actual and the potential economy which increases with decreasing peacefulness and that when peace is improved the lost growth is not caught up.
- Countries with high per capita income, large GDPs and lower levels of peacefulness have the largest possible gains in absolute terms. This is highly relevant for multi-national corporations who have an interest in tapping into the peace dividend.

The total economic impact from a cessation of violence would have been US\$ 28 trillion for the last four years (2006-2009)

Overall costs of violence to the world economy

The total economic impact from a cessation of violence would have been US\$ 28 trillion for the last four years (2006-2009) or US\$7.4 trillion (12.9% of gross world product) in the year 2009. This amount comprises the new economic activity that would have been generated in peace (Dynamic dividend) as well as the economic activity that would have shifted from violence-related activities to peace-related activities (Static dividend).

One way to appreciate these numbers is by noting that the Dynamic Peace dividend is higher than the annual growth in total world economic output. Another way is to note that the world economic and financial crisis of 2008/09 reduced gross world product by little more than one percent. In contrast, the peace gross world product calculations suggest that violence has had a much higher impact on overall economic performance. The decline in per capita world economic output occurs on the order of once every ten years, while the suppression of output due to violence is ongoing, in other words an annual affair. If policy makers had in the past spent as much time focusing on reductions in violence as they have spent on the global financial crisis the economic payoff could have been huge. Additionally, if we look at the mayhem caused by the global financial crisis, then improved peacefulness could easily have the opposite effect with substantial gains in profits, co-operation and well-being.

**Dynamic, static and total peace dividend
(in US\$ billions), 2006 – 2009.**

Year	Actual GDP	Dynamic dividend	Static dividend	Total dividend
2006	\$48,802	\$4,026	\$2,147	\$6,173
2007	\$54,975	\$4,435	\$2,418	\$6,854
2008	\$60,755	\$5,112	\$2,673	\$7,785
2009	\$57,522	\$4,889	\$2,531	\$7,420
Total	\$222,054	\$18,460	\$9,770	\$28,232

Additional economic wealth also creates the opportunity to fund activities that may be difficult or unattainable to do in its absence. This is specifically relevant to many of the major challenges facing humanity today.

While it is hard to imagine a world totally at peace, one in which there is no violence; it is however possible to imagine that a 25% increase in peacefulness is within humanity's grasp.

An improvement of 25% in global peacefulness could have been achieved during the past four years it would have unleashed an annual US\$1.75 trillion in additional economic activity.

It is evident that only a partial reduction in violence would therefore yield a substantial increase in global GDP unleashing enough wealth to address many of the major challenges facing the world today. These funds could be used to fund a myriad of essential activities such as infrastructure investments, better social policies, renewable energy, debt repayment, enhanced global food security or better water usage. As an example, the US\$1.75 trillion would be more than sufficient to pay off Greece's debt, fund the achievement of the Millennium Development Goals (MDGs) and meet the EU's 20-20-20 climate and energy targets.

Cumulative effects

Measuring the cumulative effects of peace on total economic output can highlight the development gap caused by violence. For the four years for which the calculations for the Dynamic Peace dividend have been carried out, the cumulative value of forgone output has reached US\$ 18.4 trillion, which is equivalent to adding the combined economies of Russia, Brazil, India and Indonesia⁶ to the current world output.

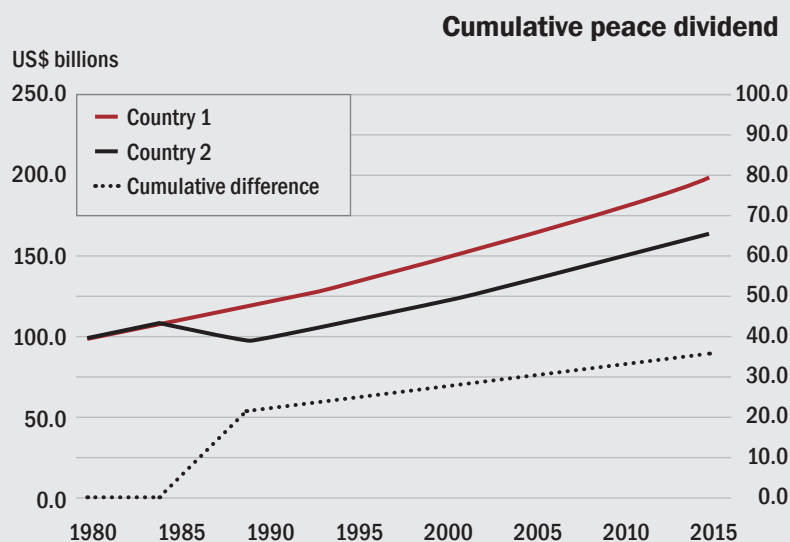
The hypothetical example in figure 1 shows how the GDP differential between a peaceful and non-peaceful country will increase forever, even for a relatively minor war of short duration.

The example shows two countries, marked in red and black, with five years of equal GDP growth (two percent per person per year). In 1985, Country 2 experiences violence such that growth falls by 2% per year. Over the span of the 35 years depicted in the figure, Country 1's GDP per person doubles from 100 to 200. By contrast, Country 2 lags behind by nearly 40 points, shown by the blue line. The divergent paths of GDP are clear enough during the violence years, but because Country 2's base has been lowered during its war years, the GDP differential between the two countries will increase forever.

It can be shown that the gap between the red and black lines amounts, by 2015, to the equivalent of eight years of lost economic output. For Country 2 to catch up with

An improvement of 25% in global peacefulness during the past four years would have unleashed an annual US\$1.75 trillion in additional economic activity

The GDP differential between a peaceful and non-peaceful country will increase forever



Country 1 by the year 2015, Country 2's post-violence growth rate would have to equal 2.8% higher per year, that is, forty percent faster than Country 1 – a very difficult goal to achieve. Even then, the cumulative gap would have amounted to four times Country 2's initial GDP of 100, or the equivalent of four years of output loss.

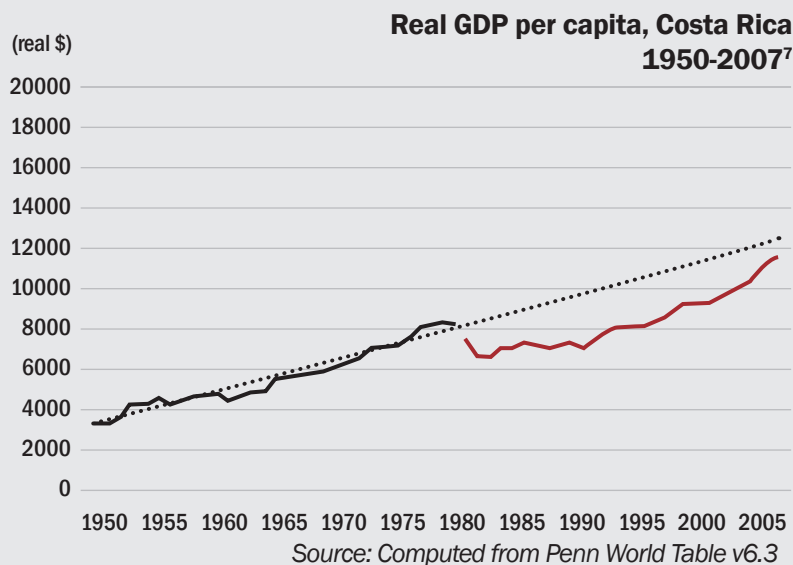
Instead of speaking of Countries 1 and 2, consider the example of Costa Rica in figure 2 below. While that country did not suffer from war or civil war, its neighbors did – they fought a decade-long war in the 1980s. The spillover effects badly affected Costa Rica through the

disruption of trade and tourism. By 2007 the country still had not recovered from the cost its neighbors had imposed, shown clearly by the red line in this chart.

Costa Rica fared well compared to its neighbour, Nicaragua, which did experience a war and has clearly paid a more severe price in terms of lost GDP output. In this example the GDP⁶ (red line) doesn't even begin to trend upwards, let alone converge with the trend line based on the pre-conflict GDP growth average.

Relative potential peace gains by country

A country's relative state of peacefulness and economic size influence their potential economic gains from a reduction of violence. The research found that the estimated gains vary widely across countries. In percentage terms, the smallest gain for 2009 would accrue to Japan, at 3.2%, and the largest to Zimbabwe at 65.2%. In absolute terms, the smallest gain would accrue to Bhutan, US\$ 1.14 billion and the largest gain would accrue to the United States, US\$ 1.14 trillion.



For states that are relatively peaceful, the postulated gains are smaller than for states suffering from larger-scale internal or external violence. If we consider two states with nearly equal Global Peace Index scores the richer one will have less upside potential in relative terms, although it may have a much larger absolute potential if it also has a much larger economy to begin with.

For a large number of countries, internal peace generates 80% or more of their overall peace dividend, in some cases much larger than

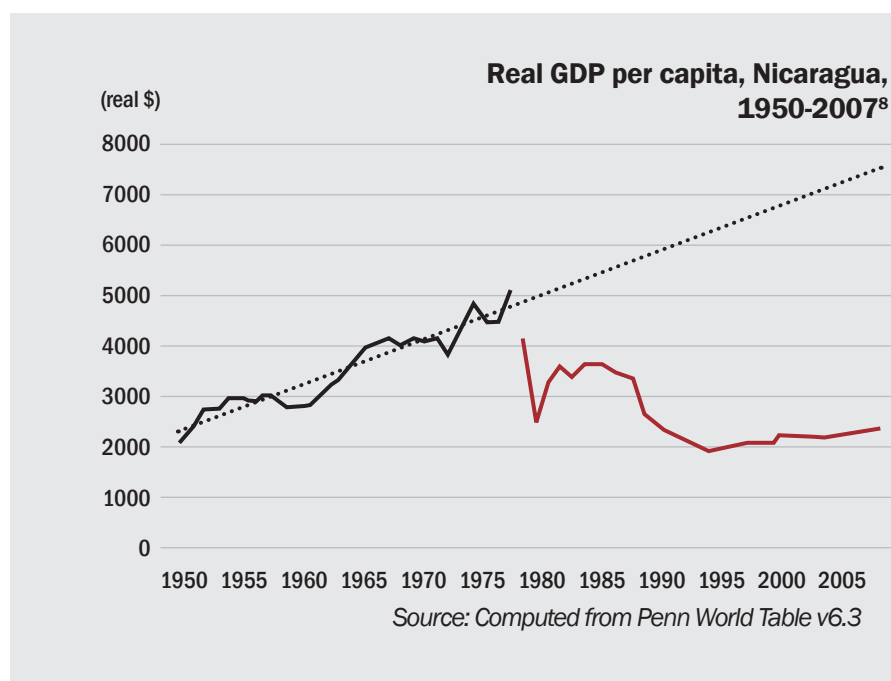
would be expected on the basis of their internal Global Peace Index measures. Conversely, countries such as Japan and Sweden have much less to gain from greater internal peace, at 20% and 28% of their overall peace dividend respectively.

Sectoral analysis

The research also focused on what would be the dividend from eliminating violence to various economic sectors. The value of the peace dividend will vary from country to country depending on the size of each of these sectors. For example, India's economy is highly dependent on agriculture, which in 2008 comprises 19% of the economy. Therefore the peace dividend would amount to US\$

31 billion for the agriculture sector while the wholesale and retail sector's peace dividend would amount to US\$ 26 billion. This compares with the US where the agriculture sector accounts for 1.1% of the economy and the wholesale and retail sector accounts for 15.2%. The peace dividend for these two sectors would be calculated at US\$ 13.1 billion and US\$ 185.01 billion respectively.

Globally it was found that two sectors in particular stand to benefit significantly from a decrease in violence. These are the global manufacturing sector, which in 2008 could have gained up to US\$ 906 billion (17.7% of the Dynamic Peace dividend), and the global wholesale, retail trade, restaurants and hotels sector, which could gain up to US\$ 742 billion (14.5% of the Dynamic Peace dividend). Table 2 below summarizes estimates of the size of the peace dividend for each sector in billions of US\$. There has been no attempt to estimate the Static Peace dividend for industry sectors as it is difficult to separate what portions of an industry sector is spent on violent and non-violent activities. An example would be of a construction company,



Sectoral allocation of global Dynamic Peace dividend (unweighted; US\$ billions), 2006-2008.

Sector ⁹	2008	%	2007	%	2006	%
Agriculture, hunting, forestry, fishing	277.49	5.4	232.06	5.2	201.72	5.0
Utilities and mining	403.45	7.9	334.93	7.6	307.43	7.6
Manufacturing	905.97	17.7	777.84	17.5	703.80	17.5
Construction	291.41	5.7	250.76	5.7	226.52	5.6
Wholesale, retail trade, restaurants and hotels	742.44	14.5	645.55	14.6	590.30	14.7
Transport, storage and communication	368.75	7.2	319.91	7.2	288.73	7.2
Other activities	2,122.72	41.5	1,873.56	42.2	1,708.57	42.4
Total	5,112.23	100.0	4,434.61	100.0	4,027.06	100.0

A shifting of economic activity that has been sunk into violence could be diverted to other activities that create future capacity

it could build either a jail or a power plant. This level of detail is not contained in national accounts; however it would be safe to assume that the power plant would yield higher productivity than the jail. A shifting of economic activity that has been sunk into violence or protection against violence could be diverted to other activities that create future capacity or fund immediate needs.

Country sector analysis

The research looked in depth at the effects on the economic sectors of breaking the Dynamic Peace dividend into its internal and external components for each industry sector for 2008. A number of countries were highlighted to show what the effects by industry sector of the internal and external peace dividend could be. As an example, we present the analysis of Spain and Brazil below.

Spain

Spain derives just over 75% of its peace dividend from internal peace indicating it has more opportunities to realize economic gains from improving its internal peacefulness. Two industry groups in particular, “manufacturing” and “wholesale, retail trade, restaurants & hotels” stand to gain the most, at US\$ 11.55 billion and US\$ 13.54 billion respectively. At rank 25 in the 2010 GPI, Spain is in the top quartile of countries overall but is ranked 13th out of the 19 Western European countries in the index. The total GDP for Spain in 2008 was US\$ 1,602 billion . Table 3 highlights the significant economic benefit were Spain to become more peaceful.

Spain sectoral analysis, 2008 (US\$ billions).

Sector	internal pGDP	external pGDP
Agriculture, hunting, forestry & fishing	2.12	0.69
Utilities and mining	1.72	0.56
Manufacturing	11.55	3.77
Construction	8.85	2.89
Wholesale, retail trade, restaurants & hotels	13.54	4.42
Transport, storage & communication	5.18	1.69
Total	42.96	14.02

Brazil

With high levels of external peace, 92.7% of Brazil’s potential gain comes from improvements in its internal peace. This is reflected in table 4 below which shows a potential Dynamic Peace dividend in excess of US\$100 billion for internal peace alone. The sector which stands to gain the most in Brazil is “wholesale, retail trade, restaurants & hotels”, where a potential gain of over US\$23 billion exists. Brazil ranks in the bottom half of the GPI, at 83 in 2010, and therefore has considerable opportunity to emulate the world’s more peaceful countries and recognize a sizeable economic gain. The total GDP for Brazil in 2008 was US\$1,635 billion.¹¹

Improving peace can transform the global economy and unleash the wealth needed to fund economic expansion

Brazil sectoral analysis, 2008 (US\$ billions)

Sector	internal pGDP	external pGDP
Agriculture, hunting, forestry & fishing	8.64	0.92
Utilities and mining	7.35	0.78
Manufacturing	22.50	2.40
Construction	6.05	0.64
Wholesale, retail trade, restaurants & hotels	23.54	2.51
Transport, storage & communication	11.07	1.18
Total	101.66	8.44

Conclusion

The research carried out by the IEP based on 4 years of Global Peace Index data provides a quantifiable demonstration that improving peace can transform the global economy and unleash the wealth needed to tackle debt, fund economic expansion and create a more sustainable environment.

Gross world product in 2009 reached just over US\$57 trillion. On the baseline scenario, had the world been at peace, world economic output might have reached US\$62.4 trillion, an increase of 8.5% and greatly exceeding the output losses due to the economic crisis of 2008/9 of about minus 0.6%. A reduction in levels of violence of just 15% would in fact equal the output loss due to the world economic crisis of 2008/9.

For the four years for which the calculations have been carried out, the cumulative value of forgone output has reached US\$18.5 trillion. If we add the Static Peace dividend then the total economic impact of a reduction in violence extends to US\$28.2 trillion. The sums involved are large, and the case for business and peace is easily made.

A reduction in levels of violence of just 15% would in fact equal the output loss due to the world economic crisis of 2008/9

Notes

1. Published by the IEP, the Global Peace Index is the first ever index to rank the nations of the world by their peacefulness and to identify potential drivers of peace. For more information: <www.visionofhumanity.org>.
2. "Peace, Wealth and Human Potential", GPI 2010 Discussion Paper, Institute for Economics and Peace (pp 25-39).
3. Brauer, J. and Tepper Marlin, J. 2009. "Defining Peace Industries and Calculating the Potential Size of a Peace Gross World Product by Country and by Economic Sector", Economists for Peace and Security USA for the Institute for Economics and Peace.
4. Dr Jurgen Brauer is Professor of Economics at the James M. Hull College of Business Augusta State University, Augusta, GA [www.aug.edu/~sbajmb] and Visiting Professor, Chulalongkorn University, Bangkok, Thailand.
5. Russia \$1.2T, India \$1.2T, Brazil \$1.6T, Indonesia \$540B – Source 2009 IMF
6. Costa Rica and Nicaragua are measured in population, inflation and purchasing power parity adjusted international dollars
7. Source: Computed from Penn World Table v6.3
8. Source: Computed from Penn World Table v6.3
9. Sectors are based on the International standard industrial classification.
10. IMF World Economic Outlook database.
11. IMF World Economic Outlook database.

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Economic dimensions of peace processes: The private sector as a strategic partner for peacemaking

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Introduction

This chapter explores how the economic dimensions of armed conflict can be problem solver and bridge builder in support of peace processes. It locates such an economic perspective within the backward and forward looking functions of peace processes (Zartman 2005). From this angle, peace processes have the objective to end an armed conflict and prepare the political, economic, and societal orders that shape new futures for ex-combatants and conflict-affected populations. Integrating an economic perspective into peace processes is an adjustment of peace processes to the new characteristics of armed conflict after the end of the Cold War.

The chapter charts the economic dimensions of peace mediation along the engagement, negotiation, transition phases of peace processes and makes the case for the private sector as a central partner in peace processes. It underlines that the economic dimensions of peace processes are important for several reasons:

- The principle targets of peace processes – the armed conflict and belligerents who fight it – have economic characteristics that must be recognized and dealt with. These include the economic agendas and conditions that shape the organization and dynamics of armed conflict, the financing and mobilization cost of armed groups, as well as conflict-induced economic transformations and costs.
- Economic issues and instruments can make a positive contribution to peace process dynamics. Economic issues can represent a lowest common denominator between the parties, provide incentives for cooperation, and support tactically informed decisions to stop fighting. Economic instruments intend to change the behaviour of the parties by appealing to their cost-benefit calculations through reasoning and persuasion.
- The integration of an economic perspective into peace initiatives requires a new set of strategic alliances. In order to support the creation of new futures, mediators should reach out to development agencies and local or international companies, especially when negotiations near their conclusion. These actors

The economic dimensions of armed conflict can be a problem solver and bridge builder in support of peace processes

Most peace agreements focus on security and political power while economic provisions are marginal

make the promise of a better future more credible and strengthen the belligerents' commitment to peace because the return for disarmament and demobilization becomes more credible.

Economic dimensions of peace processes

Nearly two decades of scholarly work have established a sophisticated understanding of the economic dimensions of armed conflict (Jean and Rufin 1996, Keen 1998, Kaldor 1999, Berdal and Malone 2000, Ballentine and Sherman 2003, Collier et al. 2003, Pugh and Cooper 2004, Arnson and Zartman 2005). So far, however, it has not been integrated into peace processes that are understood as “measures deployed to resolve differences, and settle disputes or conflicts, through diplomacy or other methods of peaceful settlement rather than violence” (Ramcharan, 2009, 228).

A comparative analysis of different provisions in 27 peace agreements suggests that most peace agreements focus on security and political power while economic provisions are marginal (Suhrke et al., 2007, 23). This omission, it has been argued, made the implementation of peace agreements more difficult. Success in the immediate post-conflict phase largely depends on “rapid economic revival to generate confidence in the peace process; adequate funding to implement key aspects of the peace agreement; and (...) sufficient funding to enable the establishment of government institutions and the transition to a peace-time economy” (Woodward, 2002, 2). In consequence, economic issues were usually “relegated to the secondary stage of post-conflict reconstruction, where they are treated as a largely technical or humanitarian matter rather than as an integral part of successful peacemaking” (Nitzschke, 2003, 10).

Some mediators have already recognized the potential of a greater integration of an economic perspective in peace processes. Noble Peace Prize Laureate Martti Ahtisaari, for example, argued that “agreeing about practical and concrete economic conditions during peace negotiations is crucial. Maybe one could even claim that finding a mutual understanding on money can really be seen as a manifestation of joint political will for peace” (Ahtisaari, 2008, 11).

Some mediators have already recognized the potential of a greater integration of an economic perspective in peace processes

The following sections introduce various economic dimensions of peace processes along the three main phases of a peace processes that include the engagement of armed groups, the negotiation of peace agreements, and war-to-peace transitions. Economic dimensions can address both the financing and motivations of those who are fighting, the costly consequences of armed conflicts on societies (but also on armed groups); they can involve using discussions on economic issues such as wealth sharing from natural resources as a means to advance peace negotiations, or the use of economic instruments and new strategic alliances with economic actors to strengthen war-to-peace transitions.

The engagement of armed groups

The engagement process is important because it can structure the approach of armed groups as they explore negotiation as an exit strategy out of armed conflict. In the best of cases, the engagement process “reduces uncertainty, clarifies risk and costs, and manages complexity as leaders contemplate the boundaries of the table, who is likely to be there, the rules, and what is likely to be put on and kept off the table” (Gross Stein, 1989, 479).

A better understanding of the economic dimension of armed groups has two specific implications for the engagement of armed groups. The first is that insisting on a

ceasefire as a starting point for negotiations in self-financing conflicts can undermine a peace process. Armed groups with strong economic agendas are less susceptible to engage. They use armed violence as an economic strategy and are therefore less inclined to lay down their arms because this would imply eroding their means of business (armed violence) and the conditions upon which it thrives (insecurity).

The second implication is that the financial situation of armed groups can be an important indicator for the planning of peace process initiatives. The material base of an armed group can provide leads as to how pre-disposed it is to engage and commit to talks, and for what reasons. For example, the Sudan People's Liberation Movement/Army engaged in the peace talks because it was their last best chance to gain at the negotiation table what they would no longer be able to win in the battle field (Young, 2007, 32). In El Salvador, the cutting of foreign assistance by the Soviet Union and the United States influenced both parties to seek a negotiated settlement (Thale, 1997, 199). The financial strain of the Palestinian Liberation Organization in the wake of the 1991 Gulf War is said to have contributed to its involvement in the Oslo peace negotiations (Naylor, 2002, 78-79).

Economic issues in peace negotiations

Economic issues relate to peace negotiations in two important ways. On the one hand, they relate to past violence and injustices, and captures economic causes or drivers of conflict. Economic issues can include natural resources management, the reduction of socio-economic inequalities, or the compensation of victims for past atrocities. On the other hand, economic issues can be part of a forward looking perspective that defines new political, economic, or societal orders. In this context economic issues include frameworks for new economic institutions, employment creation, or land reform.

The way these issues are addressed affects peace process dynamics. In principle, incompatibilities over economic issues should be easier to solve than, for example, identity disputes. The control over mines, markets, or economic infrastructure can be quantified and divided, which is not possible with the hatred associated to ethnic conflicts. Moreover, if armed conflict is really about greed, the only requirement to end a conflict would be to show that belligerents can make more money within the bounds of a functioning state, private sector investment, and a lasting peace. Certainly, economic issues are often fundamentally interlinked with broader cultural or identity issues, but looking at economic issues as a problem solver and bridge builder may open opportunities for peace mediation that so far remain unrecognized.

The evidence on the way economic issues have been discussed in peace processes shows mixed results. The possibility to rationalize and divide economic issues can provide incentives for cooperation, as illustrated by the 2004 Agreement Wealth Sharing between Northern and Southern Sudan (Wennmann, 2009a, 8). In Sri Lanka, discussions on economic development managed to dissipate tensions before addressing other political economic issues, but were ultimately unable to overcome a deteriorating security situation (Mac Ginty, 2006, 152-153).

Economic issues can also be willingly left out of the talks to reduce tension, increase the manageability of a peace process. In Angola, natural resource management was excluded from the 1992 Lusaka Protocol to facilitate UNITA's transition of an armed group into a political party (Vines, 2004, 89-90). In Nepal, socio-economic inequalities received little attention and were effectively postponed until after the peace agreement. At this point, they should be addressed through a 'normal' political process (Wennmann, 2009a, 5).

The financial situation of armed groups can be an important indicator for the planning of peace process initiatives

Economic issues can include natural resources management, the reduction of socio-economic inequalities, or the compensation of victims

In Nepal, socio-economic inequalities received little attention and were effectively postponed until after the peace agreement

In addition, negotiations on economic issues often occur in the context of formal or informal economies. The issue of natural resource revenues can be effectively offlimits in peace talks because they are central to the financing of the parties or local political economies. Insisting on their inclusion may even lead to the outright rejection of the entire peace process as the example of the DRC emphasizes. Natural resources were a non-issue and considered an unacceptable constraint on the mobilization and business opportunities of the parties. Insisting on their inclusion would have meant the end of the peace processes (Grignon, 2006, 72-75). In these circumstances, tacitly allowing the parties to control informal economies may be the best of bad choices for a mediator and a way to forging transitional pacts.

Charting new futures

Economic issues are also crucial for preparing what comes after a peace agreement. During the peace processes, negotiations can lay the initial foundation for postconflict political and economic transitions and craft an economic vision that become the foundation for a new society. These endeavours have the objective to make a life without violence a more credible reality at the time when the parties consider a negotiated exit out of a conflict. In this way, peace processes facilitate the implementation of peace agreements, as well as disarmament, demobilization, and reintegration programmes. They prepare the groundwork for the prevention of future armed conflict by addressing security dilemmas through and ensuring that no party has the means to impose itself militarily in the future (Siriam 2008, 25, 182).

Addressing economic futures in peace processes has a significant political value for peace negotiations. From the perspective of the parties, the economic dimension of peace mediation bridges the period between the signing of a peace agreement and the manifestation of peace dividends. When the parties sign to peace agreement they face immediate demands to lay down their arms, but in return they usually only receive a vague promise of a better future in the long term. The time-lag involved, and individual assessments of each parties about the likelihood of this ever happening, affects their political commitment to a peace process. In this context, mediators can attempt to strengthen this commitment by placing post-conflict futures on the table, exploring ways to ensure that a new vision of the future becomes a credible prospect.

Peace negotiations and post-conflict economic recovery are often perceived as two distinct operations that are conducted by different institutions

Negotiating economic futures remains a difficult challenge for mediators because ensuring a positive long-term effect of the economic provisions in peace agreements depends on many uncontrollables. For example, the positive contribution of income sharing provisions on economic recovery in Southern Sudan have been undermined by other problems such as a lack of security guarantees, persistent distrust between former belligerents, the armed conflict in Darfur, and renewed armed confrontations between the North and the South. Nevertheless, the Government of Southern Sudan does now receive periodic oil revenue payments (Wennmann, 2009a, 19-21). In Nepal, economic issues became part of the post-conflict politics between the government and the opposition. In early 2009, the opposition wanted to prevent any successes of the government in the field of economic development in order to expose the government's incapacity to deliver on promises and thereby delegitimize it (Wennmann, 2009b, 18). In contrast and despite obvious challenges, Aceh' the postconflict economy recovered relatively fast because the Tsunami provide an unprecedented humanitarian and development attention, and the province had a larger pre-existing economic base than Southern Sudan (Wennmann and Krause, 2009, 18).

In order to overcome these challenges of creating new futures, mediation teams need to forge new strategic alliances. Peace negotiations and post-conflict economic

recovery are often perceived as two distinct operations that are conducted in different context and by different institutions (O'Donnell and Boyce 2007). However, making economic futures tangible implies shifting our understanding of peacemaking from a two stage process before and after a peace agreement, towards an ongoing process in which the resolution of a conflict and the preparation of future political or economic orders go hand in hand. On the one hand, therefore, the know-how of the development and business community is important for mediators during a peace process in order to determine realistic economic futures; on the other hand, the know-how of mediators is important for the development and business community in the post-conflict phase in order to prevent the recurrence of conflict and maintain transitional pacts.

The private sector as a partner for peace

The character of peace process has changed rapidly over the last decades. While historically peacemaking was a matter for kings, princes, or generals, today, it is conducted at various levels including United Nations Envoys, former Heads of State, elders of local communities, or specialized NGOs. Peace processes have become so complex that they sometimes involve hundreds of actors and as many agendas. Many mediators, therefore, attempt to limit the number of intermediaries to keep a peace process manageable. The following focus on the role of the private sector for peacemaking (for the role of the development community, see Wennmann forthcoming 2010).

Both local and international companies have played various roles in peace processes over the last two decades. These include building bridges between different communities or between the state and society, engaging directly in talks with belligerents, providing good offices and information, acting as a pro-peace constituencies, paying for peace processes, assisting in the delivery of humanitarian assistance, strengthening entrepreneurship, building trust, fostering accountability, and limiting access to conflict financing (Nelson, 2001, 73-140). Examples from South Africa, Northern Ireland, Mozambique, and Sudan evidence the positive role the private sector has played in these settings.

During the South African peace process between 1990 and 1994, companies provided resources, leadership, and authority and fostered communication between black and white communities and a new vision of society (Charney, 1999, 183, 200-201). In Northern Ireland, Northern and Southern Irish business confederations contributed to the peace processes by shifting in the discourse about the conflict from the nationalist motive to the economic-rational. They emphasize that economic development in Northern Ireland was contingent upon the end of the conflict and called for greater economic integration with the Ireland and the European Common Market (Ben-Porat, 2005, 336-338).

In Mozambique, the British multinational company Lonrho became directly involved in the peace process after attacks on its installations in 1990. Its executive – Roland 'Tiny' Rowland – acted as an intermediary and made available company resources and logistics (Vines, 1998). In Sudan, the Swedish company Lundin Petroleum used their existing network to engage all belligerents. Its Board Member, Carl Bildt – also known in his role as United Nations Special Envoy for the Balkans – led a series of talks emphasizing that oil represented an incentive for peace because profitable oil investments could not be pursued in a war context (Batrach, 2004, 159-160).

The inclusion of the private sector in peace processes creates new challenges for mediators, particularly as to when and how to include companies in a mediation

Both local and international companies have played various roles in peace processes over the last two decades

In Mozambique, the British multinational company Lonrho became directly involved in the peace process after attacks on its installations in 1990

process. From one perspective, a mediator has no choice but to include domestic or foreign companies simply because they have the power to affect negotiation dynamics – both positively and negatively. Companies can make their influence felt by providing incentives or threats to the parties at the negotiation table, or other third parties with an interest in the resolution of the conflict.

Given these pressures, mediators have to carefully evaluate how to build relationships with the private sector. Elements to observe include that in many war settings it is difficult to distinguish political and business elites, or ‘public’ and ‘private’ roles of individuals. Moreover, mediators may face the difficulty how to discriminate between different companies wanting to pursue their own economic interest in a particular market. In this context, competition between different companies may complicate the peace process because they divide – rather than unite – the parties. Another difficulty is that companies do not represent a legitimated actor and their commercial interests are likely to override the achievement of a common good. In the worst case, companies can be perceived as unsuitable interlocutors because they were complicit in conflict economies, human rights abuses or environmental pollution.

Mediators may be able to solve some of these problems by engaging with the private sector informally on the margins of peace process; thus not making them a formal member of a mediation process. Companies may in fact not expect anything more than that. In cases where different companies compete against each other, mediators can facilitate investment alliances and encourage investment projects to be approved with the consent of local communities. Moreover, mediators can identify local or international business associations or chambers of commerce that have a large membership of companies in a specific sector. In this way, it is possible to construct sectorial interest groups; thus going beyond the particular economic interest of a specific company.

Conclusions

This chapter has charted the economic dimensions of peace processes and showed that it is both timely and potentially useful to recognize them as an opportunity to strengthen mediation processes. Both armed conflict and the various actors who fight it have economic features that should be recognized and made to work for conflict resolution. Economic issues such as socio-economic inequality or access to natural resource wealth deserve the full attention of peace mediators. While the context of each peace process is different, if placed on the agenda carefully, economic issues and instruments can shape collaborative relations of the belligerents, and thereby facilitate the ending of an armed conflict capacities. While mediation support infrastructure is growing at the bilateral, multilateral, and civil society level, it tends to focus on ending the conflict.

However, the experience of many armed conflicts illustrates that a peace process does not end with a peace agreement. A negotiated exit out of armed conflict requires a strong transitional pact that must be nurtured and supported as the parties implement the peace agreement and prepare whatever is next. These war-to-peace transitions require a constant effort to succeed, as well as ongoing support mechanisms and.

But without offering credible new futures, some groups and individuals may conclude that life is better for them if they continue using their guns. Addressing economic issues in peace processes has the potential to shape new visions for the future, and strengthen transitional pacts. These pacts should include the skills and experience of the private sector because it is a pillar for a post-conflict peace.

A mediator has no choice but to include domestic or foreign companies because they have the power to affect negotiation dynamics, both positively and negatively

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Private sector participation in peace-building: Tacking stock and identifying some lessons¹

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Introduction

The fall of the Berlin Wall in 1989 represented a substantial shift for national and international organizations involved in solving armed conflict worldwide. Not only did the end of the Cold War change the conceptual lens through which politicians and practitioners viewed armed conflicts, shifting from the global ideological, economic, and military confrontation between East and West to seeking to understand the domestic roots and context-specific manifestations of violence. This shift conveyed the need to better understand not only the causes of conflict—including structural conditions and the motivations of individual fighters—but the causes of durable peace.

In addition, much has changed in the number and kinds of actors involved in activities designed to build peace² in conflict-torn societies. As scholars and practitioners expanded their interest beyond the groups actually involved in the fighting and examined the larger social, political, and economic conditions of countries seeking to overcome conflict, new social actors and processes became targets of attention and objects of policy: civil society actors, for example, including international and domestic non-governmental organizations, victims' organizations, citizens' movements and others, became crucial allies in peace-building efforts aimed at empowering and including the non-armed stakeholders of peace. From circumspect negotiations among armed parties seeking ceasefires, the challenge of peace-building evolved into a large scale undertaking addressing matters from physical reconstruction, political institutional design, processes of demobilization, disarmament, and reintegration (DDR), to victims' reparations and reconciliation (Paris, 2004; Pugh, Cooper, and Turner, eds., 2008; Rettberg, 2003). Crucial challenges are attracting massive investments from governments and placing emphasis on the participation and involvement of a growing number of social actors active well beyond the battlefield.

One of the “new” actors on the scene is the private sector. While efforts at negotiating peace in international and domestic wars in previous decades and centuries had witnessed the participation and pressure of economic interests in precipitating the end to different kinds of confrontations, the explicit reference to the role of business

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in peace-building in recent years is unprecedented. By now, based on evidence from different countries, there is consensus that even in the absence of political motives, business decisions – whether to invest, produce and hire – have the power to boost, limit or undermine the agenda and scope of peace-building, as well as its implementation. Thus, peace-building efforts are paying attention to the potential contributions of the domestic private sector and to its potential as a spoiler (Newman and Richmond, eds., 2006; Stedman 1997), by imposing obstacles to progress.

In this paper, I will describe and discuss the different roles that the private sector has begun to play in peace-building, drawing from different cases. In addition, I will examine some of the motivations that have been alluded to in order to explain private sector participation in peace-building. I focus specifically on the argument that high economic costs associated with conflict are likely to produce private sector peace-building activity and suggest that we need to fine-tune our understanding of when, which, and how private sector factions will become involved in peace-building activity.

The private sector in peace-building

Ever since the early 1990s, when members of the private sector took part in peace negotiations in countries such as El Salvador or Guatemala (Rettberg 2006, 2007), facilitated the transition from *apartheid* to democracy and racial equality in South Africa (Gerson 2001) and brokered preliminary accords among the sides in conflict in Northern Ireland (International Alert, 2006), there has been increasing discussion as to the roles that the private sector should and could play in peace-building contexts. There is now growing consensus that the private sector does not play a uniform role in conflict or in peace-building.

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or in peace-
building.

On the one hand, inasmuch as for many the roots of conflict are the unequal distribution of land and income (Swearingen, 2010; Zartman, 2005), the private sector—as land owner and generator of wealth—is perceived to be a beneficiary or even a promoter of armed conflict. In this sense, attracting the private sector to the peace-building agenda requires identifying, dismantling, and changing the structures undergirding the private sector’s privileges, as well as designing a new structure of incentives to motivate the private sector to accept change. This has been associated with resistance in different degrees, from supporting right wing terrorism, such as in the case of Colombia (Romero (2003), to legally denouncing aspects of the peace accords, as in the case of Guatemala, to—as occurs most commonly—delays in complying with agreements. The literature on the spoilers of peace processes (Newman and Richmond, eds., 2006; Stedman 1997) has been prolific in analyzing different forms in which recalcitrant private sector factions oppose and impede progress in peace-building.

In addition, reports by technical international agencies such as the World Bank and academic studies such as Tripathi (2008) have suggested that private sector investment, even in the absence of open opposition to peace-building, is difficult to unleash due to investors’ fear of recurrent instability or because of an insufficient entrepreneurial endowment (Acs, 2006). In this regard, in order to promote private sector participation in peace-building, some institutions have identified the need to begin with private sector creation and provide adequate structures of incentives for organizations to form and engage in productive activities.

Regardless of its actual or perceived contribution to conflict and of its preparation for assuming a role in peace-building, the private sector has been identified as a crucial source of human and material resources—including money and managerial

know-how—for providing the material basis for stable peace. In addition, certain political groups have felt that the presence and participation of the private sector in peace-building is a proxy for regime commitment and a predictor of future stability. As a result, states, international donors and NGOs have appealed to mechanisms ranging from corporate social responsibility (CSR) principles to taxes in order to raise funds and secure support for peace-building tasks. Numerous codes of standard and international agreements³ have outlined desirable business behavior—such as the Global Compact, the Extractive Industry Transparency Initiative (EITI), several certification schemes, and manuals determining good behavior (see International Alert, 2005)—while a growing number of organizations and countries has developed strategies to bring the private sector on board. At the level of the United Nations Organization, the Peace-building Commission (UNPBC) has designated a Private Sector Task Force to coordinate efforts in four specific countries (Rettberg, 2010).

Efforts to lure the private sector to the peace-building agenda combine individual and collective strategies. Examples of private sector participation include taking part in peace negotiations (as facilitator), providing knowledge and research to support negotiations and other peace-building tasks, investing in funds or development projects targeting specific peace-building stakeholders such as demobilized combatants or victimized communities or groups (such as women), undertaking company- or industry-wide assessments of risks associated with business practice, and engaging in alliances with others (such as other companies, the state or NGOs) to promote discussion and awareness of peace-building needs, often tied to codes of conduct that have been developed at a global level.⁴

As regards participation in peace talks—which is constitutive of but not essential to peace-building—a private sector-led government in El Salvador led negotiations not only with the insurgents, but was also able to advertise peace as a worthwhile social and economic project to the rest of the Salvadoran society (Rettberg 2006, 2007). In Cyprus, the Brussels Business Group worked to overcome the divide between the Turkish- and Greek-claimed parts of the island by promoting business-business cooperation and confidence-building measures (Lende 2006). Similarly, the Peres Center for Peace and the Center for Jewish-Arab Economic Development sought to stress economic inter-dependency in addition to the need for a political solution in Israel and Palestine (Dajani, Dayan, and Touboul 2006). In Colombia, business-led peace-building initiatives occur in the absence of any formal negotiations with illegal armed groups and seek to encourage local development while promoting business core operations (Rettberg 2004). Finally, in Northern Ireland the British Confederation of Industry and the Group of Seven (trade organizations) made a point of underscoring the link between conflict and slow economic growth (International Alert 2006).

Altogether, this sample of peace-building activity including or led by business illustrates the numerous options available for willing companies or private sector organizations. The difficult question, however, remains: What are the conditions prompting business to participate in peace-building efforts and to remain aboard the peace-building agenda? While fully answering this question is beyond the scope of this paper, the following section will critically analyze common assumptions about business motivations and suggest that, in order to retain and attract new business partners, states and organizations need to develop a differential or complex approach to business' role in peace-building.

Exploring the motivations

In contrast with the variety of examples showing business participation and with the fervor with which business participation is advocated by states and organizations

The private sector has been identified as crucial for providing the material basis for stable peace

A private sector-led government in El Salvador led negotiations not only with the insurgents, but was also able to advertise peace as a worthwhile project

The record of this growing private sector peace-building activity is mixed

alike, the record of this growing private sector peace-building activity is mixed, even disappointing. In practice international and domestic capital is difficult to mobilize: States and international organizations may lack institutional capacity to identify and then guide appropriate companies through the peace-building process; companies may have insufficient organizational or financial capacity to absorb the costs associated with peace-building; others may fear losing their investment in the unstable context of post-conflict peace-building. In addition, organizations compete with each other for similar private sector partners, and policymakers and government officials face the recurrent challenge to maintain its interest and widen the pool of supporters. Finally, competing objectives such as the growing need to promote global security (Tschirgi 2003), have placed growing emphasis on protecting nations from terror to the detriment of promoting peace worldwide, explaining shrinking budgets for peace-building. In the difficult social, political, and economic reality of post-conflict peace-building, the buzzing activity of a few hides the reluctance and even the resistance of many. This poses the challenge to better understand private sector motivations in and capacity for peace-building.

One of the arguments that have been developed to attract the private sector to peace-building efforts refers to the economic costs of conflict. If we could only document how much the private sector loses from armed conflict and could gain from peace, the argument goes, self-interested organizations would prefer investing time and money in peace-building instead of enduring ongoing physical devastation affecting trade and exchange of goods and services, extortion and attacks by illegal armed actors (including recurrent kidnapping of business executives), lack of investment, and uncertain markets, which are the most common costs associated with conflict. Private sector participation will be more intense in scope and scale where the actual or potential cost of the conflict to business is highest, the argument continues.

In countries that have suffered from conflicts of long duration, economic activity may have internalized and adapted to the conflict context

However, the costs of armed conflict are difficult to establish. Not only are there severe problems with the quality of the data on armed conflicts across countries (see Andreas and Greenhill, 2010): data tend to be poor, incomplete, or may have been manipulated by states or other organizations. Also, costs are diffuse: some types of companies—varying by size, sector, and region of a country—are more vulnerable or are more common targets in conflict settings than others. Third, in underdeveloped countries such as most of those engulfed in conflict, companies face limits to growth regardless of conflict. Indeed, underdevelopment and armed conflict have been found to reinforce each other (Stewart and FitzGerald, 2001). To distinguish and isolate causes of business difficulties in conflict-torn conflicts is often unfeasible and the counterfactual—how would companies do in the absence of conflict—difficult to measure. Fourth, most costs associated with conflict are not the direct result of assaults on companies and their operations, but indirect consequences of an unstable environment. While severe attacks on business interests have marshaled swift responses by some business communities—such as when an attack on the capital’s airport by Tamil rebels prompted Sri Lankan business to organize and demand a negotiated solution to the island’s conflict⁵—the lack of a clear business “victim” is more common, and, therefore, the difficulty to clearly identify the business stakeholders of peace. Finally, few companies undertake systematic calculations of armed conflict costs, or even the costs of peace. Especially in countries that have suffered from conflicts of long duration (such as the Colombian or the Guatemalan), economic activity may have internalized and adapted to the conflict context. The assumption that companies know how much they are losing from conflict may thus be erroneous.

A study on the costs of armed conflict for the private sector in Colombia, a country that has been engulfed by war for over four decades, illustrates some

of these assertions. The study showed that the costs of conflict for economic activity in Colombia are not evenly spread, and that indirect costs, relating for instance to loss of business opportunities, rather than direct impacts on business operations (such as attacks or extortion), are more frequent yet more difficult to measure and pinpoint. Larger companies were more likely to report costs associated with armed conflict than were smaller ones, though they also reported higher growth. Smaller companies more frequently reported extortion payments, as well as suffering more frequently from bankruptcy. Companies with nationwide operations were more likely to pay extortion to illegal armed groups and suffer from disruptions to national distribution and transport system than were companies with regional or local operations. Mining, gas, electricity, agriculture, and transportation companies most frequently reported the direct costs related to armed conflict, while financial services and investors reported the least. Three-quarters of those interviewed stated that they would invest in expanding productive capacity, innovation, and generating employment if Colombia were at peace.⁶ Although designed for and carried out only in Colombia, the study provides a better understanding overall of the types of enterprises and sectors that are most vulnerable to certain costs associated with armed conflict (and also those less exposed and more resilient). Reflecting distinctions within the business community in terms of the weight of the conflict burden, not all companies will be equally interested in peace-building: Sectoral differences, regional differences, the nationality of capital, and company size are good predictors of business preferences faced with conflict and peace-building.

Mining, gas, electricity, agriculture, and transportation companies most frequently reported the direct costs related to armed conflict

A resulting lesson is that an appeal to costs of conflict alone may be insufficient to produce private sector participation in and mobilization for peace-building. Other critical factors highlighted in the experience of states and international organizations point to pressure and incentives by domestic and external actors to participate in peace-building and mechanisms to help overcome collective action problems within the business community.

The first factor may come in the form of specific mandates from shareholders seeking to build a positive social record for corporate activity; access to special lines of domestic or international credit; cost-sharing with international organizations; or being identified as part of a group of companies and institutions making positive contributions to society (such as the Global Compact or EITI, described above). When not tied to tangible benefits or sanctions (such as a prohibition to access certain markets), this pressure may be difficult to materialize. However, for certain companies the cost of not following the guidelines of positive corporate action set out by what has become the standard recommendation for business practice in unstable environments may be higher than failing to respond. In this sense, in addition to identifying and measuring costs of conflict, an additional challenge refers to identifying the proper political and economic incentives to produce the additional impulse resulting in commitment and action.

An appeal to costs of conflict alone may be insufficient to produce private sector mobilization for peace-building

The second factor refers to the public-good quality of peace (once obtained, companies cannot be excluded from enjoying peace's positive effects, regardless of whether they paid its cost; see Olson 1971). Why, one specific company may reasonably ask, should we invest in peace-building when we will pay a high price and we will not be the sole beneficiaries? A resulting challenge for policymakers is to understand and address this classic collective action problem which may explain why the outcome that is most beneficial for most—peace—may not be invested in by affected business actors.

Dealing with all three factors, including costs, adequate incentives, and the pitfalls of collective action, in order to promote private sector participation in peace-building requires an understanding of how companies operate, what incentives they respond to, and the conditions limiting corporate behavior. Corporate decision-making is not homogenous, financial capability varies, and organizational processes come in different forms and shapes. Both peace-building officials and advocates as well as the different private sector factions need to grasp these distinctions in order to properly guide private sector participation in peace-building and to prevent frustration on all sides regarding effects and capacity.

Conclusions

Let there be no doubt: private sector participation is key in post-conflict settings and marketing peace to the private sector as a profitable and worthwhile undertaking remains one of the crucial challenges facing all actors, domestic and external, seeking to promote an end to armed conflict. Numerous examples mentioned in this paper illustrate the positive contributions the private sector has made in countries worldwide as well as the risks involved in failure to enlist private support. At the same time, the purpose of this paper has been to caution against excessively optimistic expectations regarding the role that the private sector can and should play in peace-building and against reductionist views of private sector motivations. In order to generate the conditions for constructive and durable private sector participation, it is essential to develop a better understanding of the environment and the complex motivations governing economic activity and corporate behavior in unstable conditions such as those of a country seeking to make the transition from armed conflict to peace.

Private sector
participation
is key in
post-conflict
settings

Notes

1. I thank Juan Diego Prieto for research assistance.
2. I adopt the broad definition of peace-building provided by then Secretary General Bhoutros Bhoutros Ghali in *An Agenda for Peace* (1992), according to which this involves “comprehensive efforts to identify and support structures which will tend to consolidate peace”.
3. Certification schemes cover aspects such as businesses’ environmental, social, and human-rights sustainability, like the Kimberley Process, which seeks to counter the “blood diamond” trade, or the Forest Stewardship Council (FSC), which seeks to protect forests. Some of these certification schemes, such as FSC and the provisions governing banana access to European consumers are now a necessary condition for entering certain markets. The most important voluntary pact concerning good business practices is the UN Global Compact, which includes over 7,700 corporate participants from over 130 countries (see UN Global Compact, 2009). Another example is the Extractive Industry Transparency Initiative (EITI), which seeks to support “improved governance in resource-rich countries through the verification and full publication of company payments and government revenues from oil, gas and mining” (see <http://eitransparency.org/eiti>).
4. The chapters and case studies contained in Banfield, Gündüz, and Killick (eds.) (2006) provide a useful review of the multiple contributions that local business can make to peace-building.
5. For more information on the Sri Lanka First Business Initiative, see <http://www.srilankafirst.net>
6. For more details see Rettberg (2008). The survey included phone interviews with the legal representatives of 1,113 enterprises of different sizes, located in six Colombian cities, from all sectors of the national economy and with national, regional and local reach (find a summary in English at http://www.international-alert.org/pdf/Exploring_peace_dividend_Colombia.pdf).

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Part Three:

Operating in complex environments

Companies, peace-building and human rights. Colombia: The best and worst of examples

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“It is fair to say that few democracies have faced such serious human rights challenges as Colombia in recent decades. Colombia has been a laboratory for the key issues that companies must face regarding their purpose and responsibility in terms of human rights.”
(Bennett Freeman, 2010)¹

“I think that Colombia is taking shape not only as an example of serious problems but also, more positively, as a model for innovative solutions.”
(Bennett Freeman, 2010)²

In a country like Colombia, companies' focus on building a sustainable peace seems to be increasingly linked to the business sector's human rights efforts. Peace-building is becoming more and more important in this realm. This article is based on the understanding that in a complex setting like Colombia, business transactions that are mindful of the conflict and human rights are a key part of what companies can do today to contribute to a sustainable peace. Colombia has become the embodiment of a complex setting for business operations and of a venue for initiatives in the field of peace-building and human rights which can be regarded as innovative and avant-garde. Obviously, despite the advances in this field, much still remains to be done. In this sense, the article below aims to be not conclusive but rather part of an ongoing reflection on the ideas, achievements and challenges that apply to all companies operating in a country like Colombia which seek to do so mindful of peace-building and human rights.

The existence of risks often leads companies to work on innovative initiatives

Business operations in complex settings: The case of Colombia

The notion of a complex setting refers to the presence of one or more of the following factors: actions by armed groups operating outside the law, illegal economies, institutional fragility and weak governability. Recent experiences in countries that are engaged in an armed conflict or seem to be emerging from one reveal possible variations in the existence and coexistence of these factors and their effects on business operations. In effect, the presence of these factors in all their possible

combinations affects the local dynamics and imprints a unique character on the places where companies operate. Likewise, these dynamics and the factors that accompany them impose challenges and risks to business operations which require innovative, mindful responses. Companies that operate in complex settings, therefore, seem to have the best and worst of worlds at the same time.

On the one hand, they face risks and challenges that they would probably not have to deal with if they were operating in another context. On the other hand, it is precisely the existence of these risks and challenges that often leads companies to work on innovative initiatives in order to overcome the conflict and focus instead on peace-building and human rights.

For those living in Colombia, the definition of a complex setting may sound familiar. Indeed, the factors that characterise it tend to obtain in many regions of the country. What is more, a general description of the country would include all the factors that make a setting “complex”.

Categorised as one of the most violent countries in the region, Colombia is also known for being the setting of the longest-standing internal conflict in Latin America and for being the home to different illegal armed groups, including the oldest guerrillas on the continent and emerging criminal groups linked to drug trafficking and other illegal economies. According to the 2009 reports, these groups are present in almost 600 of the 1,100 towns in the country (Ávila, 2010) and there are calculated to be more than 12,000 men and women linked to these groups in the country.⁴ For 2009, the official figures report that there are more than 8,800 people in the ranks of the two guerrilla groups that are operating in the country today. According to these figures, the Revolutionary Armed Forces of Colombia (FARC) have 7,297 combatants and the National Liberation Army (ELN) has 1,529.⁵ Regarding what are known as the Emerging Criminal Groups (Bandas Criminales Emergentes or BACRIM), figures from April 2010 calculate 3,749 people linked to this kind of organisation.⁶ Even though the official reports mention the important headway made in combating these groups, the fact is that the actions of illegal armed groups still have undeniable importance in Colombia.

Furthermore, in recent years Colombia has been the setting of scandals linked to the illegal activities of the members of the armed forces. One example in this vein is the case of the so-called “false positives”.⁷ In his report issued in March 2010, Philip Alston (Special Rapporteur on Arbitrary, Summary and Illegal Executions) from the United Nations states that although there are no exact figures, according to different calculations it is estimated that more than 1,300 people have been murdered through this phenomenon, which dates back to at least 2002.⁸ This is coupled with reports on the status of human rights, which have placed Colombia in the highly dishonourable position of being among the countries with the lowest ratings.

The actions of the illegal armed actors and the existence of illegal economies are related phenomena, and in this sense, Colombia is no exception. The dynamics linked to drug trafficking (Cubides, 2004; Restrepo, Jorge and David Aponte (eds.), 2009, Vargas, 2004; Sánchez, 2004; Thoumi, 1999) are twinned with other dynamics linked to other illegal economic activities (such as extortion, control of the black market, etc.) and even with the takeover of legal economic activities by criminal organisations (Rubio, 2002).⁹

In addition to being the operative backdrop for illegal armed groups and criminal organisations linked to different illegal economies, in recent years Colombia has

Colombia is known for being the setting of the longest-standing internal conflict in Latin America

also witnessed phenomena that reveal a worrisome institutional weakness and fragile governability, particularly on the local level. One example of this is the infiltration by the guerrillas and paramilitary soldiers into the local power, or what some of them prefer to describe as complicity between political leaders (members of congress, mayors, governors, deputies, councillors, civil servants, etc.) and illegal armed groups. This phenomenon – which has been reported on in the Colombian press under the names of *farcpolítica* (FARC+ politics), *elenopolítica* (ELN + politics) and *parapolítica* (paramilitary + politics) – reveals the permeability of the institutions and forms in which local power is exercised (López, 2010). In the case of the phenomenon of *parapolítica*, which came to light in public in mid-2006, 101 regional political leaders are currently undergoing trials for having ties with the paramilitary groups.¹⁰ Furthermore, it is calculated that 115 members of congress are also undergoing trials as part of this same phenomenon.¹¹ Along with the forms in which armed actors penetrate the exercise of local power, there are also phenomena of corruption and forms of co-opting of the state (López, 2010) that are once again symptomatic of institutional weakness and fragile governability in several regions of the country whose description and analysis go beyond the scope of this article.

The actions of the illegal armed actors and the existence of illegal economies are related phenomena

Companies facing a complex setting

Beyond regional variations, yet without being unaware of its importance, Colombia seems to clearly embody the definition of a complex setting. So what implications of this can we identify for business operations? How has this affected the companies operating in the country and how have these companies tried to respond to the risks and challenges in a setting like Colombia? In other words, how is Colombia the best and worst of worlds for business operations that are mindful of peace-building and human rights?

The answers to these questions are not simple, but let us begin with one side of the coin: the risks and challenges existing in Colombia for the companies operating in the country. The target of threats and pressures from illegal armed groups, the companies that operate in the country have to deal with phenomena like extortion and kidnapping, and they are even the victims of attacks against their facilities, employees and/or outsourcers. Along with these security risks, there are other risks linked to the armed conflict that are expressed in local dynamics characterised by a high degree of polarisation among the interest groups and actors with which companies seek to construct the social legitimacy they need to operate. Likewise, companies operating in a setting like Colombia face risks to their reputation linked to keener scrutiny from NGOs and the media (both domestic and international) and the possibility of being served lawsuits both inside and outside the country.

Institutional weakness and fragile governability are present in several regions of the country

In addition to handling risks to their security and reputation, the companies operating in Colombia also have to handle the economic, political and social risks derived from the complexity of the country. To begin with, in terms of labour relations, the companies operating in Colombia face challenges derived from the historical record of poor relations between companies and trade unions. Even though recent years have witnessed positive changes in these relations, the fact is that business-union relation is still a problem when building the social legitimacy needed in order for the companies working in the country to operate effectively.

On the other hand, companies whose activities are of national interest operating in zones with security problems must resort to the use of public forces to protect their facilities via agreements. At times, when constructing the social legitimacy

Companies
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and
kidnapping

they need to operate, these companies have to deal with challenges linked to the excesses that the public forces may commit and their effects on local interest groups. Likewise, given the complexity of the setting, the companies operating in this kind of region also face risks derived from their outsourcers' non-compliance with operating standards. In this case, the phenomenon of extortion can be particularly thorny. On the other hand, many of the companies operating in the country are located in zones where illegal economic linked to drug trafficking and other forms of organised crime exist or even prevail. This poses major challenges when ensuring both the social legitimacy that the company needs to operate and the sustainability of the operation.

Finally, quite often companies operating in remote zones or regions with a weak institutional presence can actually generate relations of dependence among the local people. These relations tend to be fed by the precarious presence of the state and the absence of other legal economic actors, and in the long term they run in detriment of the social legitimacy the company needs to operate and the very sustainability of the business operations themselves. It is also important to note that in different places around the country companies must face challenges linked to the fragility of the institutions and the weak government. In this sense, for example, they must manage the lack of clarity on the regulations governing certain procedures and how they are to be implemented, as well as the effects of the institutional instability and extremely high degree of political and ideological polarisation that tend to characterise the zones of the country which most vividly embody what we have called a complex setting.

Companies
operating in
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or regions
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among the
local people

Generally speaking, the paragraphs above list some of the challenges and risks that the companies operating in Colombia face in their day-to-day operations. They are joined by other issues such as additional costs due to the need to have greater security, the need to generate controls to avoid links to human rights violations, the need to develop mechanisms that prevent the entry of illicit money and the uncertainty derived from the lack of clarity in land tenancy in some regions of the country. This somewhat unpromising scene tends to be the backdrop of several of the projects related to peace and human rights that the business community has staked out in the country. The pages below aim to show how companies' efforts in the field of human rights are complementary to a business focus on peace-building. What is more, in a context like Colombia, these two initiatives are closely linked.

Why are companies talking about human rights today?

Even though it is still a relatively new topic, it is increasingly common for companies to talk about human rights. The introduction of this topic into business operations dates back almost a decade and is related to the confluence of major transformations in the expectations in companies and their operation among diverse interest groups. Two of these interest groups are investors and consumers, for whom the human rights record of the companies that receive their resources or produce the goods and products they consume is becoming increasingly important. Two other examples are workers and governments, both of which have higher expectations today regarding companies' ethical, environmental and social performance.

The emergence of human rights as a field of action in business is also related to changes in global trends in corporate social responsibility (CSR). Even though until a few years ago companies tended to focus their efforts on communities through philanthropic activities, today philanthropy is viewed as only one facet of CSR, and the business' own activity has gained ground in this field as a working strand for companies that want to achieve greater and more permanent positive impacts

among their interest groups, including the communities within their sphere of influence. Likewise, the spectrum of topics and spheres that are considered part of CSR today has gradually expanded. What used to be regarded as issues outside business operations just a few years ago are now beginning to be accepted as part of the legitimate – and largely desirable – concerns of companies that operate responsibly. This is precisely what is happening with issues like human rights. The expansion of the spectrum of CSR has also meant that today this field includes companies' production and distribution chain. Last but not least, initiatives that link together a variety of actors, known as multistakeholder initiatives, have gained popularity in the field of CSR and have revealed the virtues of collective efforts in particularly sensitive issues of mutual interest, such as human rights.

Initiatives that link together a variety of actors, known as multistakeholder initiatives, have gained popularity in the field of CSR

Despite its relatively recent appearance, the issue of human rights has reached business to stay. Indeed, the field of business and human rights is increasingly known and accepted, and it can even be categorised as expected and somehow required. Recent years have witnessed a rising number of claims and accusations against companies for their human rights performance of their ties to human rights abuses. One example is the lawsuits filed in the United States through the Alien Tort Claims Act (ATCA).¹⁴ Another example is the reports that numerous agencies (Human Rights Watch, 2008; ESCR-Met, 2008) drew up in the first half of 2008 which account for the spectrum that includes – or more accurately hopes to include – the business sector when referring to human rights. In this sense, the report drawn up by Michael Wright from the John F. Kennedy School of Government at Harvard University (Wright, 2008)¹⁵ is highly illustrative, as it enables us to pinpoint the main issues in this matter. Regarding this description, the following are just some of the key conclusions derived from this report:

- Companies can have an impact on human rights either directly or through the third parties with which the company works.
- Human rights violations equally affect local communities and workers, and to a lesser extent consumers and/or users.
- Human rights violations generally involve several rights; that is, there is not a single impact on rights.
- Accusations of human rights violations are not an affair of just a handful of business sectors; rather they involve practically all sectors.
- Accusations of human rights violations do not take place in just a few countries. Even though certain regions stand out, and within them certain countries, the fact is that these accusations encompass all the regions on the planet and involve a variety of countries.
- Accusations of environmental damage tend to be linked to accusations of human rights violations.
- A first accusation of human rights violations tends to be followed by more accusations and lawsuits.

Companies and Human Rights: Protect, Respect and Remedy

Despite the fact that it is a relatively new field of concern in the business world, human rights are increasingly an issue of mandatory compliance for companies, in particular those operating in complex settings.

The research performed by John Ruggie and his team¹⁶ offers a framework of reference for the different actors that have a legitimate interest in human rights in its relationship with companies, as well as for people in the business world who have taken on a commitment to human rights. Even though it is still a framework

Accusations of environmental damage tend to be linked to accusations of human rights violations.

that should be translated into companies' day to day business operations, it states that actions in the realm of business and human rights should be viewed through three main strands. The first is the states' obligation to protect against human rights abuses by third parties, including companies, through appropriate policies, regulations and measures. The second is companies' responsibility to respect human rights, which means acting with due diligence and trying not to affect others' rights. The third includes states' and companies' efforts to provide victims with greater access to effective reparations, which can be either judicial or otherwise.¹⁷

Peace and human rights business people/entrepreneurs in Colombia

A group of scholars studying the relationship between companies and peace-building coined the concept of 'peace entrepreneurs'

In 2006, a group of scholars studying the relationship between companies and peace-building coined the concept of 'peace entrepreneurs' to describe members of the business sector that get actively involved in initiatives that seek to promote peace (Banfield, Jessica, Canan Gündüüz and Nick Killick (eds), 2006). Today Colombia is the venue of several of these projects, which entail participation in initiatives aimed at contributing to improving the quality of life of at risk and displaced populations, the socio-economic reintegration of former combatants and the promotion of local development and peace through what is known as PDPs (Peace and Development Programmes) in the country. Several of these initiatives have gained visibility through prizes such as the Emprender Paz prize. Others take part in collective initiatives such as the "El Salado" Reconstruction spearheaded by Fundación Semana. Others take part in public-private alliances like the ones being conducted between the High Council for Reintegration (ACR) and companies operating in the country through a time bank and a series of special projects (Amis et al, 2006; (Banfield, Jessica, Canan Gündüüz and Nick Killick (eds), 2006).¹⁸

Paraphrasing this concept and expending it to members of other sectors of society (such as the government and members of civil society organisations), we can say that the initiatives that have recently been put forward in Colombia in the field of companies and human rights are examples of what could be called peace and human rights business people/entrepreneurs. The case of the *Colombia Guides to Human Rights and International Humanitarian Law* is an example of this kind of undertaking. Others, such as the Global Compact and Voluntary Principles on Security and Human Rights are initiatives that refer to international business codes and standards. Colombia has been the witness to major advances in the application of both of them.

The Global Compact was launched by the United Nations in 1999. It has been operating in Colombia formally since 2004¹⁹ when the first 54 companies adhering to this initiative created the national chapter of the Global Compact.²⁰ Nowadays, more than 210 companies operating in the country have joined this initiative.

Also in the realm of companies and human rights, the efforts conducted in Colombia through the Voluntary Principles on Security and Human Rights (VPs) are also noteworthy.²¹ In September of that year, the United States Embassy led a meeting with the goal of initiating a dialogue in order to implement the VPs in Colombia. This invitation had resonance in the oil guilds that had been working in a similar vein since the mid-1990s. The following year, 2004, with the aid of the Colombian Oil Association (ACP), the Technical Committee on the Voluntary Principles was organised.²² Three years later, in 2007, this committee became the Energy Mining Committee on Security and Human Rights (CME) and the oil companies began to be joined on this committee by companies from the mining and electrical industries. Likewise, civil society organisations were also asked to participate.²³

Today, the CME is an initiative that promotes public and private debate in Colombia in favour of the reputation of both the country and the mining industry. It is a space of dialogue that seeks to promote better performance in human rights and related security issues within the industry and institutions in the Colombian state through the exchange of good security and human rights practices and the implementation of the Voluntary Principles. The efforts of the Energy Mining Committee on Security and Human Rights stand out as one of the most important cornerstones in the headway made on the VPs in Colombia in recent years. Along with the efforts of the CME, other important achievements in this field are also worth noting, such as the inclusion of the VPs as a reference in the Ministry of Defence's Comprehensive Human Rights and International Humanitarian Law Policy.²⁴ Indeed, Colombia stands out in the implementation of this initiative country-wide.

Colombian Guides is based on constructive dialogue on good practices and sensitive HR and IHL issues

Along with the efforts made in the field of codes and standards of business conduct bearing human rights in mind, in Colombia there are also noteworthy initiatives that are innovative and are mostly at the vanguard in the field of companies and human rights.²⁵ Once again, the setting in which these initiatives are taking place means that they are both newsworthy and brimming with challenges. This is the case of the *Colombian Guides on Human Rights and International Humanitarian Law*, an initiative worth spotlighting as part of what have been called peace and human rights business people/entrepreneurs.²⁶ The *Colombian Guides* are defined as “a multi-stakeholder initiative made up of companies, civil society organisations and the government joined with the shared purpose of contributing to improving the human rights and international humanitarian law situation in the country. Colombian Guides is based on constructive dialogue on good practices and sensitive HR and IHL issues within the context of business activities in order to contribute to their respect and promotion by all the participants.”²⁷

Furthermore, the members of the *Colombian Guides* take on the commitment to work collectively to develop guidelines on issues that are key for business operations in Colombia and which also play a prominent role in the job of building sustainable peace in the country. These issues include security (which addresses matters related to relations with the public forces and hiring private security), labour issues (which includes considerations on the freedom of association), communities (which includes such sensitive issues as lands, displacement and participation), transparency (which includes corruption along with issues related to extortion), institutional strengthening, the environment and complaints and grievances.

The official launch of this initiative on the 14th of July 2010 was the culmination of almost four years of hard work in which the people who participated in the Colombian Guides had to deal with numerous challenges and obstacles. Perhaps the best way to size up these challenges and obstacles, along with the commitment that this kind of initiative harbours, would be to survey the process followed in *Colombian Guides* in the past four years.

The idea for this initiative emerged back in mid-2006. At that time, a preliminary version of the code that was to serve as the backbone of the Colombian Guides was drafted, and several companies operating in the country were consulted. Nine of the companies consulted expressed their interest in participating in the initiative and pledged to join it. At that time, the initiative was focused on the issue of security and human rights, and its point of reference was the Voluntary Principles on Security and Human Rights. A few months later, in January of 2007, what was then called the pilot *Colombian Guides on Security and Human Rights* was launched. This

launch was attended by the United Nations Special Representative on Business and Human Rights, John Ruggie, who described the Colombian Guides as a cutting-edge initiative in the realm of companies and human rights.

Throughout 2007, consultations were held with NGOs and trade unions operating in the country

Throughout 2007, consultations were held with NGOs and trade unions operating in the country to ascertain whether they were interested in participating in the initiative. After several consultations, some of these organisations decided to join the Colombian Guides. Those who had joined then set out to collectively define a code, rules and roles. At the same time, they sought to make headway in a process that is as difficult as it is crucial to this kind of initiative: building trust. The job of trust-building, as shown by the experience of many multistakeholder initiatives, is not easy, especially if it is taking place in a setting like Colombia, which is characterised by polarisation among the people and institutions involved in this kind of initiative. What does it mean to push forward a collective job in which the actors that were at odds with each other in other settings are now jointly trying to define the rules of the game and issues of mutual interest? How can the field of human rights be addressed collectively when it is precisely one of the fields in which the positions of different actors clash with each other? Is it possible to build trust between different kinds of people and, given the particularities of the setting, ones that are often involved in debates in which mutual accusations are common?

The job of trust-building is not easy, especially if it is taking place in a setting like Colombia

The process followed in this initiative between mid-2006, when the first code was drafted, and mid-2010, when the base document that brought the initiative into being was signed, had its ups and downs. Throughout this entire period, the initiative gradually took shape and was transformed into what it is today. Between 2006 and 2010, the *Colombian Guides* was the witness to major transformations. First of all, the initiative suffered from the withdrawal of some of its participants, which at times was symptomatic of the difficulties involved in bringing into being a multistakeholder initiative of this kind in a complex setting like Colombia. Secondly, the initiative also witnessed the entry and commitment of different actors, which also reveals the commitment and effort of multiple actors in a setting like Colombia. Finally and perhaps even more revealing, one of the major transformations in this initiative was the expansion of its scope: the shift from addressing security and human rights issues to addressing human rights and international humanitarian law issues. This shows a more ambitious initiative in a complex setting like Colombia, which in light of the “emerging issues” mentioned below also harbours a focus on sustainable peace-building in the country.

Conclusions

As shown above, even though much remains to be done in Colombia, quite a bit of headway has been made on this issue. However, there are other issues which, though not necessarily new, are gaining in importance and may somehow be regarded as “emerging”.²⁸

Within the spectrum of what we could call “emerging issues in the business, peace-building and human rights relation”, we should mention the issue of lands. This is an issue that was at the core of the conflict and its aftermath for many people in Colombia²⁹. Likewise, the issue of extortion was one of the backbones of the financing of illegal armed groups and criminal organisations. Finally, different forms of state co-opting were sketched out earlier in this article. So what does this mean when discussing business operations in complex setting, and more exactly doing business in Colombia today? What kinds of initiatives can the business sector develop in the issue of lands when their operations take place in settings marked by the aftermath of the conflict? To what extent can business activities contribute to either deepening or overcoming this aftermath? To what extent can companies be the victims or accomplices of extortion? What kind of mechanisms can the business sector develop to counter the phenomenon of extortion? What kind of measures can the private sector take to combat the different ways in which the state co-opts entities?

Along with the issues of lands, extortion and co-opting by the state, we could also mention many more that are also part of this “spectrum of emerging issues” and that more broadly enable us to size up the approach that encompasses businesses, peace-building, human rights and IHL in a country like Colombia.

Indeed, the setting in Colombia today – marked, for example, by new dynamics in the conflict and organised crime, as well as by the aftermath of the conflict in recent decades – holds particular challenges for a business operation that is mindful of human rights and IHL and interested in overcoming the conflict and building a sustainable peace.

To conclude, those who brought the *Colombian Guides* to life largely embody what I have called peace and human rights business people/entrepreneurs, not only because of the content and nature of the initiative but also and perhaps especially because of the context in which it emerged. Regarding the context in which this initiative is unfolding, its innovative and avant-garde nature, along with the challenges it is facing, it can be situated in at least two dimensions. The first is the initiative itself and its development, and the second is the issues and objectives it pursues. In other words, the first is the focus on developing a multistakeholder initiative in a complex setting like Colombia, and the second is the challenge of developing guidelines for business operations in particularly sensitive issues in a complex setting of this kind.

Within the spectrum of emerging topics, we should mention the issue of lands

The setting in Colombia today holds particular challenges for a business operation that is mindful of human rights and IHL

Notes:

1. Author's translation based on: GBI, Global Compact, FIP, Institute for Human Rights and Business, *Business and Human Rights in Colombia: Macro Trends, Micro Realities and Ways Forward* (at press).
2. Author's translation based on: GBI, Global Compact, FIP, Institute for Human Rights and Business, *Business and Human Rights in Colombia: Macro Trends, Micro Realities and Ways Forward* (at press).
3. Regarding this description and its implications for business operations, see, among others: International Alert, 2005. *Conflict-Sensitive Business Practice: Guidance for the Extractive Industries* and International Alert, 2006. *Business and Human Rights: the Role of Business in Weak Governance Zones: Business Proposals for Effective Ways of Addressing Dilemma Situations in Weak Governance Zones*.
4. Figures from Arias, Gerson, Conflicto armado colombiano: *Dinámicas actuales e indicadores*, Lecture, June 2010
5. Ib.
6. Ib.
7. Illegal murders of civilians by the state security forces which are framed as deaths in combat perpetrated by guerrilla or criminal groups.
8. See the *Report of the Special Rapporteur on Extrajudicial, Summary and Arbitrary Executions, Philip Alston*. Mission to Colombia. United Nations, March 31, 2010.
9. See too *El tiempo*, "Con oro lavan dinero y se roban regalías", from the 1st of August 2010, as well as the section on paraeconomics and other reports at <www.verdadabierta.com>.
10. The latest report by the Corporación Nuevo Arco Iris (CNAI) reports on the trials against three governors, five mayors and six councillors elected for the period 2007 to 2011, as well as 16 former governors, 38 former mayors, 12 former deputies and 21 former councillors elected for previous periods. For further details and more recent data on this phenomenon, see: <<http://www.verdadabierta.com/parapolitica/2595-la-para-politica>>.
11. According to figures collected by the Corporación Nuevo Arco Iris (CNAI), this includes 91 members of congress elected for the period 2006 to 2010 and 24 elected for previous legislative periods. For further details and more recent data on this phenomenon, see: <<http://www.verdadabierta.com/parapolitica/2595-la-para-politica>>.
12. Regarding the costs imposed by conflicts on companies operating in the country, see, Angelika, 2008. *Explorando el dividendo de la paz: percepción de los impactos del conflicto armado en el sector privado colombiano. Resultados de una encuesta nacional*, Universidad de los Andes and International Alert.
13. Regarding the costs imposed by conflicts on companies operating in the country, see, Angelika, 2008. *Explorando el dividendo de la paz: percepción de los impactos del conflicto armado en el sector privado colombiano. Resultados de una encuesta nacional*, Universidad de los Andes and International Alert.
14. The ATCA (Alien Tort Claims Act) was created in 1789 and expands the jurisdiction of US courts to judge violations of the "law of nations" and international laws. Today this measure is one of the leading legal instruments in the field of companies and human rights. The number of lawsuits under the ATCA that have been filed against multinationals in the past ten years has multiplied. This measure was revived in the 1980s for cases of violations of international law. Since 1993, it has been a means of denouncing cases of human rights violations that involve multinationals. Under the ATCA, at least 36 lawsuits have been filed against companies headquartered in the United States in different sectors that operate in a variety of other countries and regions.
15. This report was drawn up as a tool for the work that John Ruggie is performing in the field of companies and human rights. The information compiled in the report is part of the appendices to the 2008 report by the SGSR to the United Nations Human Rights Council (A/HRC/8/5).
16. See <<http://www.business-humanrights.org/SpecialRepPortal/Home>>.
17. Based on this framework and the three pillars mentioned above, see *Protect, Respect*

and Remedy: A Framework for Business and Human Rights at <<http://www.reports-and-materials.org/Ruggie-report-7-Apr-2008.pdf>>.

18. For a general overview of companies and peace-building in Colombia see, among others, the website of the Emprender Paz Prize <<http://www.emprenderpaz.org/>> and the Observatory on CSR, Human Rights and Peace-Building of the FIP <http://www.ideaspaz.org/portal/index.php?option=com_content&view=article&id=815:observatorio&catid=161:otros-proyectos&Itemid=>.

19. The Voluntary Principles on Security and Human Rights (VPs) are a multi-actor initiative that came into the public eye in 2000 and brings together companies from the mining industry, NGOs and governments. For further details about this initiative and how it operates in the country, please see <<http://www.pactoglobal-colombia.org/>>.

20. See: <<http://www.colombiaincluyente.org/contenido/contenido.aspx?catID=173&conID=690>>.

21. For further information on this initiative, see <<http://www.voluntaryprinciples.org/>>.

22. This committee is made up the Vice Presidency of the Republic, the Ministry of Foreign Affairs, the Ministry of Defence, BP, Occidental ChevronTexaco and ACP.

23. The current members of this initiative on behalf of the government include the Presidency and Vice Presidency, the Ministry of Defence, the Chancellor's Office and the national army; on behalf of business the members include Anglo American, Anglo Gold Ashanti, the Colombian Oil Association (ACP), Cerrejón, ECOPETROL, ISA, Isagen, Greystar Oxy, Río Tinto and Talismán. The following international organisations are also participating in this initiative: the embassies of the United States, the Netherlands and the United Kingdom; along with two civil society organisations: La Fundación Ideas para la Paz (FIP) and International Alert. See: <http://www.derechoshumanos.gov.co/principal/empresa_comiteminero.asp>.

24. See: <http://www.mindefensa.gov.co/descargas/Documentos_Home/Politica_DDHH_MDN.pdf>.

25. There are several initiatives that could be included within this category. Examples include: GBI, Global Compact, FIP, Institute for Human Rights and Business, *Business and Human Rights in Colombia: Macro Trends, Micro Realities and Ways Forward* (at press).

26. On the 14th of July of 2010, the Colombian Guides was adhered to by the following members: Coca-Cola Servicios de Colombia, Indupalma Ltda., Isagen S.A ESP, Nestle de Colombia S.A, Palmares de la Organización Espinosa, International Alert, Fundación Ideas para la Paz and the national government. Tipiel S.A. is registered as an observer.

27. *Guías Colombia en Derechos Humanos y Derecho Internacional Humanitario*. See the complete document at: <<http://www.ideaspaz.org/portal/media/docs/GuiasColombiaDOC.pdf>>.

28. This does not mean that the other issues that have been worked on for years become any less important. Nor does it mean that the “emerging” issues are novel and unknown. In fact, some of these issues have even been addressed by some companies, but they are not necessarily recognised as human rights work, nor have they been addressed under the human rights perspective, such as issues examined from the standpoint of “social management”, “communities” and “setting”.

29. One of the aspects that reveals the complexity and magnitude of this issue is the lack of clarity regarding how many hectares have been abandoned by the displaced population. Different calculations reveal a range of between 1.2 million (Ana María Ibáñez) and 10 million (MOVICE). The official calculations fluctuate between 2.9 million (Contraloría) and 6.8 million (Acción Social). Another similar aspect is the different means of plunder that are only now beginning to be documented. See *El Despojo de Tierras y Territorios: Aproximación conceptual*, IEPRI, CNRR, 2009 Historical Report.

30. Some figures and characteristics that give a picture of these phenomena are: According to Fondelibertad between 2008 and 2009, extortion rose a little over 65% (it went up from 830 to 1373 cases reported). For 2009, according to figures from GAULA, the main targets of extortion were 36 economic sectors. The most severely affected were sales people (208 cases), companies selling goods and services (58), livestock farmers (41), guilds (36), transport companies (30) and crop farmers (28). For the same year, the departments with the highest extortion rates were Antioquia (78), Tolima (56), Caquetá (52), Magdalena (47), Cundinamarca (28), Huila (26) and Bogotá (26).

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Companies as actors in post-war reconstruction¹

“The age of globalisation has intensified our understanding that commercial activity is an integral part of a society’s economic and political life. Along with this understanding, there is rising acknowledgement among international agents of the important role that businesses can play in helping to avoid or resolve conflicts.”

Kofi Annan in his report on the Prevention of Armed Conflicts, 7th of June 2001.

Carlos Fernández, Special Assistant at the United Nations Office in Santo Domingo
Aitor Pérez, economist specialising in consulting for NGOs

1. Introduction

The business sector’s participation in achieving the Millennium Development Goals (MDGs) is an idea that is both promoted in the text of the MDGs themselves and accepted by the leading public, bilateral and multilateral donors.

In the case of Spain, the 3rd Steering Plan on Development Cooperation supports this idea with the announcement of an action plan aimed at fostering public-private alliances for development (PPADs). The plan itself explains the added value of these PPADs, such as the provision of knowledge, technology and resources in certain top priority sectors and regions for cooperation. It also underscores the potential importance of the involvement of the private business sector on the global development agenda for achieving goals such as economic growth aimed at lowering poverty.

Even though alliances between the private sector and development cooperation spark a great deal of interest because they give companies a role as strategic cooperation allies and entail their acceptance of the ultimate purposes of cooperation, we should not underestimate companies’ capacity to contribute to cooperation objectives in their more traditional role as contracting companies for executing international aid. This role may be particularly relevant in contexts of post-conflict reconstruction, where cooperation plans seek the normalisation of social, political and economic life as yet another dimension of peace-building, where often the driving force in economic recovery is related to disbursements from international donors.

The 3rd Steering Plan on Development Cooperation supports the involvement of the business sector on the global development agenda

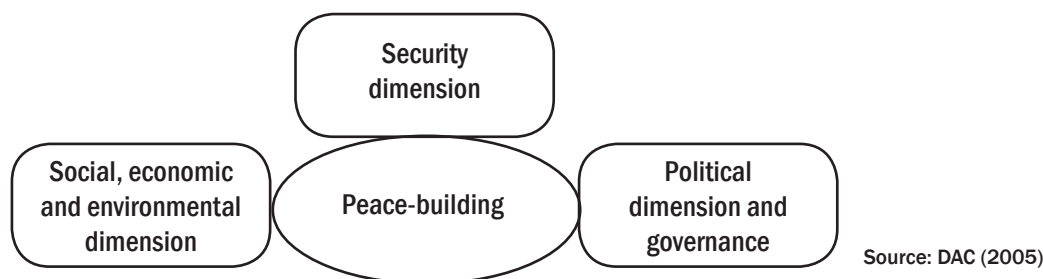
2. Peace-building has a socio-economic dimension in which companies can work actively

Humanitarian aid, rehabilitation and development efforts should be introduced simultaneously

Even though traditionally there has been talk about a continuum in which humanitarian aid, rehabilitation and development follow a linear sequence, occurring one after the other starting at the time of crisis, today the prevailing orientation in the international community is that humanitarian aid, rehabilitation and development efforts should be introduced simultaneously and in a complementary fashion. This approach reflects long-term planning from the start of the humanitarian intervention in a conflict or natural disaster, thus shifting the concept to a *contiguuum*. The goal of post-conflict reconstruction from this vantage point does not consist of returning to pre-crisis conditions but rather creating the conditions for peace and sustainable development².

In line with the preceding, the goal of reconstruction aid should be to overcome the prior causes of the conflict, laying the groundwork for sustainable peace by facilitating peace-building. This can be viewed as complementary to preventative diplomacy, conflict resolution and peace-keeping operations. It encompasses measures in the context of emerging, current or post-conflict settings whose explicit purpose is to prevent violent conflict and promote long-term, sustainable peace. In this sense, Spanish development cooperation believes that peace-building goes beyond an action centred on military and/or diplomatic operations, bearing in mind that it also aims to deal with the causes that led to the outbreak of violence in contemporary conflicts, including structural, socio-economic, economic and environmental fractures. In turn, this entails the need to launch a holistic, multidimensional and long-term plan³.

Under these premises, the international community recognises the need to embark on integrated actions that address the political, socio-economic and particularly security problems. Therefore, in order to achieve sustainable peace, any action undertaken must be based on three strands of action, as reflected by the diagram below⁴:



To achieve sustainable peace, any action undertaken must be based on three strands of action

Intervention in the economic and social dimension is crucial starting from the stabilisation phase, so participation and strengthening of the private sector and civil society must be taken into account from the outset. Despite the fact that they may have widely diverging ideological positions, the elites in the majority of the peripheral countries are convinced that the vitality, knowledge and efficiency of a vigorous private sector is needed to generate strong economic growth. In turn, in advanced countries the idea that under the right conditions the private sector can help to prevent violent conflicts and aid in post-war reconstruction is becoming more widespread. For example, the Peace-Building Strategy of the Ministry of Foreign Affairs and Development Cooperation explicitly states that development activities and strengthening of private enterprise must be promoted to create jobs, help markets and commercial exchanges recover, and raise investments in the region affected. Generally speaking, the role of private foreign investment is essential in facilitating the recovery of a domestic private sector in a precarious situation after a crisis. To

accomplish this, it is important to get the private sector involved in the country's strategy, understanding the impact of its activities in weak, fractured societies.

3. The case of Angola: Construction companies faced with displaced persons' settlements and the reconstruction of the electrical sector in view of institutional weakness

Portugal's departure from Angola in 1975 meant the dismantlement of the country's productive structure and the start of another war that lasted almost three decades and led to the massive destruction of the infrastructures in the majority of regions in the country. The war also generated huge waves of displaced persons who left their homelands to settle in the city, especially in Luanda, in the quest for minimum security and the chance to find some means of subsistence.

With the cessation of hostilities in 2002, Angola embarked on its reconstruction in its capital, Luanda, with particular zeal. Although this city had not been the site of clashes, it was the destination of millions of displaced persons who multiplied its population by ten and therefore its need for urban infrastructures, services, land and housing.

Home reconstruction in Luanda Sul

Within this context, a vast urban planning project financed by the World Bank's International Finance Corporation was launched. The project was articulated around the state's handover of the rights to exploit public lands in the south of Luanda with the purpose of stimulating private investment and generating a market dynamic that would attract higher investments, in a rising spiral of investment – added value – sale – reinvestment. One of the positive effects of this cycle would be the financing of publicly subsidised housing.

During the implementation of the Luanda Sul project, there were forced evictions and demolitions that affected people who had already been displaced by the conflict. These evictions as the huge urban planning project was underway were documented by both Human Rights Watch and Amnesty International.

Expansion and improvement in the electrical grid in Viana

The Spanish Development Cooperation Agency, through FAD and state subsidies, financed electrical infrastructure projects both during and after the war. The contractor for one of these projects in Viana not only executed the project in conformance with the contractual conditions but also voluntarily conducted actions to help build local capacities, in particular training for the staff of the public electrical companies, drawing up maps and implementing IT systems. According to the company, this was done outside the contract and with the desire to contribute to the future maintenance of the electrical infrastructure. This also contributed to good relations with the government of Angola, with which the company is still working today through an Angolan subsidiary.

During the implementation of the Luanda Sul project, there were forced evictions and demolitions

The contractor voluntarily conducted actions to help build local capacities

4. The case of Bosnia-Herzegovina: Joint infrastructures for clashing peoples

The war that pitted Serbians, Bosnians and Croats against each other in Bosnia-Herzegovina between 1992 and 1995 left more than 100,000 people dead and

Both the Bosnian and Croatian communities participated in the reconstruction of the Mostar Bridge

1.8 million refugees and displaced persons, and it totally destroyed the economy and infrastructure. It is estimated that after the conflict, more than 80% of the population of Bosnia was only able to survive thanks to humanitarian aid.

The international community developed a plan for Bosnia that included an initial three- to four-year period with aid of 5.1 billion dollars through the Priority Reconstruction Programme, providing humanitarian, economic and other kinds of assistance based on the needs as assessed by the World Bank and other international organisations. In 1999, this programme was complemented by the Stability Pact, which focused on the processes of democratisation, promoting human rights, economic reconstruction and security in the region.

The donors generally supported the reconstruction of the physical infrastructures, but they all also aimed for the reconstruction of the country in the political, security and socioeconomic dimensions, always with the ultimate goal of reconstructing peaceful relations among communities that had been at odds with each other.

The reconstruction of Mostar Bridge

This world-famous Ottoman bridge was built in 1663 and destroyed in 1993 by the Croats who were laying siege to the Muslim population of Mostar, concentrated on the eastern side of the city. With the financing of World Bank and other donors and with the support of UNESCO, the bridge was faithfully reconstructed following the same methods and materials used originally. As a result, on the 17th of July 2005, it was declared a UNESCO Human Heritage Site. Consequently, the economic and social activity of the historic quarter was reactivated to the benefit of craftspeople, retailers, tour operators and hotel owners. Politically, the bridge and its official opening, which was widely covered in the media, served to give the rest of the world a picture of unity in contrast to the images from the war in Mostar that had been broadcast ten years earlier.

However, the benefit of this civil engineering project most appreciated by its beneficiaries was the joint nature of the project, as both the Bosnian and Croatian communities in the city participated in both its execution and its benefits. The company that was awarded the project contributed to this by hiring local labour and subcontracting local companies, supported by a masonry school promoted by development cooperation and a project management unit co-directed by a Croat and a Muslim Bosnian that was brought under the umbrella of the Mostar Town Hall, which is multiethnic in composition.

Reconstruction of the Mostar dam

Upstream on the Neretva River, the hydroelectric plant that supplied energy to the city of Mostar and its Mostar distribution lines were also destroyed. Their reconstruction was financed by the Spanish Development Cooperation Agency through an FAD loan and managed without participation by the Office of Technical Cooperation (OTC). The identification of this project was based exclusively on technical and economic parameters, and the objectives and purposes of the international community in the region were ignored, resulting in the signing of an agreement with a wholly Croatian-owned company in a multicultural region like Mostar. The government of Spain's formal agreement was signed with an entity not recognised by the Dayton Accords, the Croatian Republic of Herzeg-Bosnia. Once the project was completed, the former electrical transmission line that ran through the eastern part of the city where the Muslim Bosnian population lived was not rehabilitated, so it was regarded as a discriminatory and disappointing project by half of civil society.

The donors supported the reconstruction of the physical infrastructures, but they also aimed for the reconstruction of the country

5. How to foster companies' contributions to reconstruction

Codes of conduct and quality standards

In each reconstruction project, joint actions between the public and private sectors entail overcoming the apparent contradiction between purely business interests, which lead to profit, and public interests, which should lead to the welfare of the population involved. Having reached this point, it is worthwhile recalling how all the actors in humanitarian aid and post-war reconstruction accept a series of basic principles that come from humanitarian law. They include the principle of *humanity*, which requires the suffering of people who have undergone calamities to be relieved; the principle of *impartiality*, which proclaims that there will be no discrimination for political, religious, ethnic or gender reasons; and the principle of neutrality, which comes from the effects on the conflict and the interests at play in it.

In addition to accepting these basic principles, the humanitarian community has also adopted codes of conduct that include the lessons learned from recent history, which serve as the cornerstones for self-regulation of the sector and are the basis of accountability systems such as Humanitarian Accountability Partnership⁵ a quality management certification oriented towards accountability.

In turn, as they are called to participate in reconstruction, private economic actors are also asked to include these principles in their management, just as they have included other social and environmental principles as part of their corporate social responsibility programmes. Ideally, this adhesion to humanitarian principles will initially take place by adopting a code of conduct and later by building a managerial system with specific leaders, processes, procedures and resources, as well as sectoral standards and monitoring and accountability mechanisms.

Planning aid

Drawing up clear country strategies and multi-annual plans foster the company's alignment with the cooperation goals, in that projects include a multidimensional vision of reconstruction and basic principles like *Do No Harm* from the very outset. This also implies the *alignment of commercial and development strategies* within the public administration itself, since some reconstruction projects are managed and financed as part of the aid for the company's internationalisation.

Managing aid

Regarding the management of aid, the most important instrument for fostering the company's alignment with reconstruction plans are contracts for construction, supplies and services. The *contractual conditions* of these instruments may include transversal objectives from official development cooperation aid and basic principles of intervention in reconstruction contexts, both in the project's terms of reference and in the eligibility and assessments of the contractor. In this way, transversal cooperation objectives such as equal opportunities will be transferred to procurement, human resources and community relations policies.

It should be noted that hiring an international company to perform projects whose terms of reference take the possible negative externalities and risks of reopening wounds from the conflict into account reflects on the company's reputation and its adaptation to a country where it might aspire to do business.

The Humanitarian Accountability Partnership (HAP) is a quality management certification oriented towards accountability

The most important instrument for fostering the company's alignment with reconstruction plans are contracts for construction, supplies and services

Promoting credit for companies is another instrument that can be linked to companies' reconstruction efforts

Loans to companies with corporate social responsibility conditions

Promoting credit for companies is another instrument that can be linked to companies' reconstruction efforts. Used by multilateral corporations like the World Bank (IFC) and the Inter-American Development Bank (FOMIN), loans are an instrument with a vast capacity that are not part of the portfolio of development cooperation instruments in Spain, although they may appear on a reconstruction agenda with the participation of public credit institutions.

Bearing in mind that the projects that are financed through loans are part of a private business, their use requires a prior evaluation of the social and environmental impacts, so in contexts of institutional weakness, civil society organisations must be consulted. Official cooperation support for private businesses through this instrument should be regarded as a chance to enhance the transparency of fragile states by bringing to bear accountability mechanisms.

Managing a portfolio of cooperation instruments adapted to the company and to the reconstruction setting, without boosting the bureaucracy and jeopardising the response speed required in a process of post-war reconstruction, requires *adapted capacities* by official development cooperation. Mentoring by development cooperation enables the presence of the contracting company to be optimised throughout the entire project. To achieve this, development cooperation may need specialised human resources which will often come from the business world.

Conclusions

Companies can contribute to the post-war reconstruction objectives not only by executing the reconstruction of physical infrastructures and spearheading the normalisation of economic life but also by including the transversal objectives of the reconstruction plans into their policies.

In order to insure this contribution, international cooperation should regard companies as something more than suppliers of goods and services, and instead include corporate social responsibility incentives in their contracting systems, in their credit programmes for the private sector, and in their support of codes of conduct and quality systems.

The experiences in Angola and Bosnia-Herzegovina show how companies have different responses to the problems affecting the reconciliation among ethnic groups, the resettlement of displaced persons and the construction of institutional capacities in a fragile state. Today, in other reconstruction settings such as Haiti, the international community is faced with not only the reconstruction of physical infrastructures but also more ambitious objectives such as the geographical redistribution of the economic activity, environmental recovery and rapid job creation with priority for families of disabled people and women. Bearing in mind the magnitude of the challenge and the limitations on resources, it would be wise to apply the lessons learned in other countries and request the commitment of all the actors, both public and private, present in the zone so that each of their actions positively affects the reconstruction objectives, regardless of whether they are socioeconomic, political or security-related.

International cooperation should regard companies as something more than suppliers of goods and services

Notes:

1. This article is a summary of the working document of the same title published by FRIDE as part of a research project financed by AECID on contracting companies' contribution to reconstruction objectives, particularly in the cases of Bosnia-Herzegovina and Angola.
2. On planning post-conflict reconstruction, see DAC, 1997, "DAC Guidelines on Conflict, Peace and Development Cooperation", OECD, Paris.
3. Ministry of Foreign Affairs and Development Cooperation, 2007, "Estrategia de Construcción de la Paz de la Cooperación Española para el Desarrollo", Secretary State for International Development Cooperation, Directorate General of Planning and Evaluating Development Policies, Ministry of Foreign Affairs and Development Cooperation.
4. DAC, 2005, "Preventing Conflict and Building Peace: A Manual of Issues and Entry Points", DAC Network on Conflict, Peace and Development Cooperation.
5. See <<http://www.hapinternational.org>>.

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Gorillas and genocide: Tourism and peacebuilding in Rwanda

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Introduction

This article analyzes how tourism in Rwanda contributes to post-conflict peacebuilding.¹ Tourism has developed into an industry that is no longer purely 'fun in the sun', but also takes into consideration activities that are more environmentally friendly, socially responsible and development oriented. Nevertheless, it is a sector that tends to be very vulnerable to insecurity and conflict as it flourishes more in times of peace rather than conflict (Richter, L, in Burns and Novelli 2006). However, there remain few documented cases where this vulnerability and negative impact of conflict on tourism motivated local tourism actors to get engaged in peace promotion. Research and discussion into how tourism can prevent conflict, facilitate conflict settlement or post-conflict peacebuilding has been carried out by only a few scholars (Richter, 1992, 1999; Strong-Cvetich 2007; Feil, Fischer et. al 2008; Joras 2009). This article thus contributes to a discussion on how tourism professionals can support peacebuilding processes through both core and specific activities.

The tourism industry only emerged in the post-conflict phase

Rwanda is an instructive case for this exploration as its tourism industry was not well developed prior to the civil war and genocide and only emerged in the post-conflict phase. In other cases where tourism has played a peacebuilding role, the sector was either well-developed already prior to the emergence of conflict (ie. Croatia) or was able to maintain its activities despite the presence of conflict (ie. Sri Lanka). Thus Rwanda represents an example where tourism has emerged as an industry which is capable of contributing, not only to employment and economic development, but also to local bridge-building, awareness raising and environmental conservation.

This article is structured in four sections. Firstly, a background into the Rwandan conflict sets the scene to understand how tourism can address existing cleavages within the society. Secondly, an overview of how tourism has developed in post-conflict Rwanda is provided. Thirdly, Smith's (2004) definition of peacebuilding is used to assess how specific undertakings of the tourism sector contribute to broader peacebuilding efforts. Finally, some conclusions and ways forward on the topic are provided.

The Rwandan Case: Background and Context

The Hutu
Power' gained
momentum
by recruiting,
training
and arming
civilians

The Rwandan civil war (1990-1994) and subsequent genocide (1994) represent violent manifestations of deeply rooted socio-economic divisions between Hutu, Tutsi and Twa ethnicities that date back to the 1800s. Stratified labour systems which favoured Tutsi over Hutu and Twa were developed under the Tutsi Monarch and then institutionalized by Belgian colonialism (Newbury 1988). However, the 1959 Hutu Revolution reversed this trend and led both post-colonial governments of Gregoire Kayibanda (1960-1973) and Juvénal Habyarimana (1973-1994) to use ethnic rhetoric to maintain power and control within a single ruling party Hutu elite (Des Forges 1999: 41). The civil war emerged when a group of high-ranking (predominantly) Tutsi officers formed the Rwandan Patriotic Front (RPF) and invaded Rwanda from Uganda to reclaim their homeland in October 1990. However, the RPF came face to face with the President Habyarimana and the Rwandan Armed Forces (Forces Armées Rwandaises, FAR).

During the civil war, Habyarimana used the destitute economic situation to influence and manipulate the local population, by blaming Hutu suffering on Tutsi domination. Moreover, the 'Hutu Power' gained momentum by recruiting, training and arming civilians into the 'interahamwe' militia. Despite the establishment of the Arusha Peace Accords in June 1992, the civil war lasted four years, killed approximately 10,000 people and set the stage for the 1994 genocide. On April 6, 1994, the shooting down of the plane carrying President Habyarimana and Burundian President Cyprien Ntaryamira sparked the beginning of the Rwandan genocide as the RPF and its supporters were immediately scapegoated for the deaths. The genocide was organized and instigated strategically by the high ranks of the political and military elite, the 'genocidaires'² as they feared losing their power to the RPF. The 'citizen self-defence plan' formalized the selection, training and mobilization of ordinary citizens to follow the interahamwe militias into hunting down and killing Tutsi with machetes and other farming tools (Human Rights Watch 2006: 16).

Tourism was
identified
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of the country

The genocide must thus be understood as the desperate result of plans created by a small, powerful Hutu elite, who saw the extermination of 'the other' as a more favourable solution than having to share its power with Tutsi and moderate Hutu (Newbury 1995; 1998). The genocide was eventually halted in July 1994 with the advancement of the RPF through weaker regions in the east and south, then towards the west and northwest. Between 6 April and 19 July, approximately 100 days, ethnic Hutu extremists' goaded ordinary people to kill an estimated 500,000 ethnic Tutsi and politically moderate Hutu. The RPF is credited with stopping the genocide. It has headed up Rwanda's government ever since.

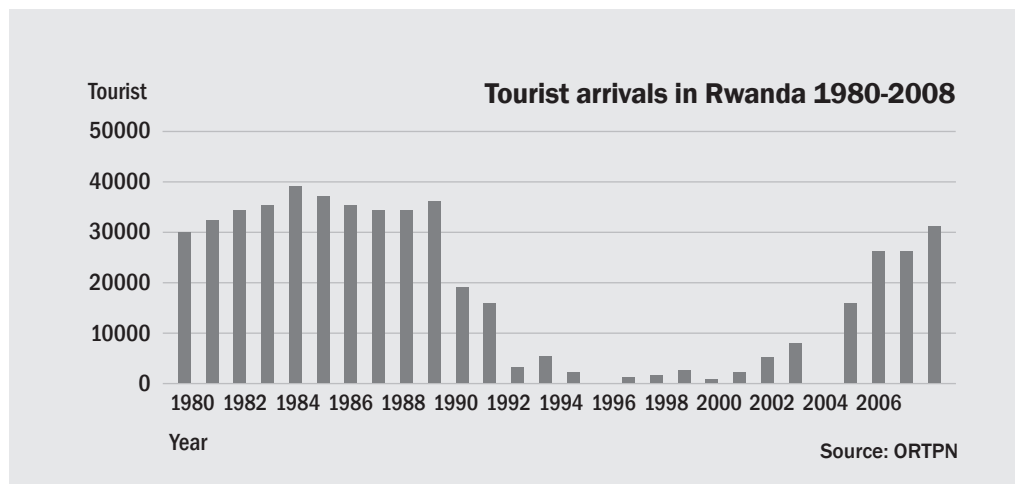
Tourism development in post-conflict Rwanda

In the aftermath of the 1994 civil war and genocide, the RPF quickly prioritized state security. Making Rwanda an attractive tourism destination was not a primary concern. However, just seven years later in 2001, tourism was identified as a market that had the potential to attract foreign currency, change the negative image of the country and contribute to economic development. While the tourism sector remains novel, a focus on niche markets such as gorilla, eco- and community-based tourism can help contribute to addressing socio-economic inequality.

The development of tourism in Rwanda in a short time span can be attributed to two main reasons: the historical inter-relationship between tourism and conservation, and the restructuring of the government-run Rwanda Office of Tourism and National Parks (known by its French-language acronym, ORTPN).

Gorilla tourism originally emerged in the 1980s as part of a wider strategy to protect the Volcanoes National Park, ensure the monitoring of the mountain gorillas and to generate foreign income. Although gorilla tourism came to a halt during the Rwandan genocide, only one gorilla was reported to have been killed. Despite continued insecurity, national park staff survivors returned promptly to their posts and worked together with conservation organizations such as the International Gorilla Conservation Programme to carry out a swift de-mining process (Plumptre et.al. 2001:13). In order to prevent further damage to the parks, wildlife and natural resources, they also carried out government lobbying to ensure the parks sustained their size and borders and were not further encroached upon. These efforts were integral in providing a foundation for the emergence of an industry that was not well established prior to the civil war and genocide.

The restructuring of the tourism sector after the civil war and genocide required a large, active role on the part of the government through ORTPN, and not so much on the private sector. The ORTPN developed a National Tourism Strategy in 2001 and established a Tourism Working Group, made up of public and private tourism representatives (Telephone interview, General expert on tourism, August 2008). The Tourism Strategy aimed to create high-value and low environmental impact experiences for eco-travellers, explorers and individual business travelers (Government of Rwanda 2007:1). ORTPN's development of a tourism strategy and investments into infrastructure and facilities translated into higher tourism arrivals and receipts for the country (see Table 1 below).



While ORTPN has supported privatization processes and the emergence of local, independent tour operators, it remains the most powerful decision-making actor in the tourism industry which plays a key role in the establishment of licenses, tourism marketing campaigns and tourism priorities. Over the long-run, the dominance of the ORTPN can also pose restraints on the development of private tourism actors and the diversification of tourism attractions.

Tourism and post-conflict peacebuilding

Tourism activities in Rwanda have not been explicitly developed in the name of peace. Rather, many core and niche tourism activities make unintentional and indirect contributions to peacebuilding. Therefore, the author has chosen to use Smith's categorization of four main issue areas of peacebuilding activities as an analytical tool (2004). This allows tourism activities to be differentiated under: Socio-economic Foundations, Reconciliation and Justice, Security and Political Framework (2004: 27-28).

The Gorilla tourism originally emerged in the 1980s as part of a wider strategy to protect the Volcanoes National Park

The restructuring of the tourism sector after the civil war and genocide required a large, active role on the part of the government

Tourism activities in Rwanda make unintentional and indirect contributions to peacebuilding

Socio-economic Foundations

In order to revitalize Socio-economic Foundations and contribute to post-conflict recovery in Rwanda, physical reconstruction, monetary contributions, skills training and employment, and the resettlement of displaced persons are relevant for the tourism sector to carry out. For example, several independent tour operators have been working together with churches, community groups and local government bodies to target vulnerable groups such as orphans and displaced persons for community projects. These are usually in the form of physical construction or monetary donations for the building of schools, huts or facilities such as water tanks. The ORTPN's Revenue Sharing Scheme claims to disburse 5% of its revenues towards community projects in the close vicinity of national parks. Another form of engagement is through joint venture projects as one hotel has been built by a safari company but is owned by a community trust. This enables 6,000 low-income Rwandans to obtain a living income and be involved in decision-making processes of how to invest the money into the community.

The employment of former poachers as porters and guides in the national parks has contributed positively to livelihood development, while supporting conservation efforts. Further, in the Iby'Iwacu Cultural Village, former poachers and their families' present tourists with information on the difficulties they faced, while providing cultural entertainment and making traditional food. The funds raised go towards developing local agriculture, education facilities and local business opportunities.

There are a few initiatives that focus on the role of women entrepreneurs and peacebuilding. For example, one guest house is owned and operated by a non-profit women's organization. The revenue goes towards supporting women and child-headed households that were affected by the civil war and genocide. Another women's organization brings Tutsi and Hutu widows of the genocide together to make, market and sell traditional arts and crafts, in cooperation with the Private Sector Federation's Chamber of Crafts, Artists and Artisans and the Chamber of Women Entrepreneurs.

There are a few initiatives that focus on the role of women entrepreneurs and peacebuilding

While there are a wide variety of activities within the tourism industry that contribute indirectly towards socio-economic foundations, there are also challenges. As in many development, humanitarian and peacebuilding activities, the targeting of beneficiaries remains extremely difficult in Rwanda. This is related to several issues such as: ethnicity, geographical location, level of poverty and corruption. As tourism remains dependent on the national parks as attractions, the communities that lie on the borders of the parks are also the ones that tend to benefit the most from community projects. This prevents other communities and nearby villages which may have been more affected by the civil war and genocide, from reaping the economic opportunities of tourism. This places a risk on the re-emergence of historical and socio-economic cleavages as the access and selection of local community beneficiaries is often based on ethnicity and relationships with local officials.

At the same time, it is difficult for tour operators to target specific ethnicities that may have been highly affected by the genocide, but neglected by peacebuilding programmes. One tourism initiative takes visitors to Twa villages to help them overcome poverty and discrimination. However, the tour operators are not allowed to mention this in their brochures as ethnic identities are not accorded with special protection under the Constitution. This is also relevant for employment opportunities as there are no affirmative action policies that ensure that people of different ethnicities and backgrounds have equal access to jobs. Such policies would help to combating social constructions of ethnic identity that has been a major source of conflict in Rwanda.

Reconciliation and Justice

Projects that enhance bridge-building, dialogue between former enemies and trauma therapy and healing can support Reconciliation and Justice processes (Smith 2004:28). In Rwanda, tourists have the opportunity to gain awareness on the civil war and genocide by visiting the Gisozi Memorial Centre which, in addition to being a mass grave, is also a museum and documentation centre. Such educational centres can help provide tourists with a humanitarian experience which not only focuses on sadness and death, but also hope for future ways forward. As Gisozi represents the one venue where tourists are explicitly confronted with the history of genocide, some critics argue that the Centre tends to present a simplified and biased perspective of the genocide that portrays Tutsi as victims and Hutus as perpetrators (Interviews, Conflict and Peace Experts, Rwanda, 9-27 June 2008). Such historical revisionism prevents the tourist from being able to develop an objective opinion, and from being open to hearing different viewpoints on the civil war and genocide from other local voices.

After the end of the conflict, traditional 'gacaca' courts were revived at the local level to provide a source of community justice and reconciliation. Witnesses and survivors of the genocide would give their testimonies; while accused perpetrators could defend themselves or admit to crimes committed. As the gacaca trials received a lot of international attention for representing a rare case where communities were taking justice into their own hands, there were some efforts to try to promote 'gacaca tourism'. However, it was rather unsuccessful due to low demand, the logistical restraints of organizing visits to the sites and because tour operators could much easily push nature tourism. This demonstrates some of the difficulties of combining peace issues with tourism as visitors remain attracted to conventional tourism products.

In order to diversify from nature tourism, 'cultural tourism' was identified by the ORTPN as a potential market to develop for high-end tourists (Government of Rwanda 2007: 15). This has translated into more 'community based', 'pro-poor' and 'eco-' tourism activities. Cultural visits to local villages that show visitors habits of daily life and allow them to volunteer in a school for the day enable awareness raising, increase interaction between tourists and locals, and also contribute to local livelihood opportunities. As mentioned under the previous section on Socio-economic Foundations, it is unclear how tour operators select their target beneficiaries for such projects. It is likely that communities, widows and orphans are identified and chosen by the tour operators according to their ethnicity, geographical location and personal networks. This demonstrates that such selection processes can often be biased and lead, in the long-run, to some groups receiving much more benefits than others. As specific background data on the tour operators and their chosen beneficiaries was difficult to obtain, follow-up research on the politics of tourism would provide more insight on this subject.

Security

The establishment of security was a top priority for the incoming government after the civil war and genocide. Security measures include humanitarian mine action, disarmament, demobilization and reintegration of combatants (Smith 2004: 28). Due to the post-conflict lobbying efforts made by conservation agencies for the protection of the national parks, tourism is flourishing in contemporary Rwanda. There is an important link between the need for peace and security and gorilla tourism as the mountain gorillas are highly valued by conservation agencies and tourism companies alike. However, as gorillas tend to translate into tourism revenue,

The communities that lie on the borders of the parks are also the ones that tend to benefit the most from community projects

In Rwanda, tourists have the opportunity to gain awareness on the civil war and genocide by visiting the Gisozi Memorial Centre

Selection processes can often be biased and lead, in the long-run, to some groups receiving much more benefits than others

mining in the national parks was carried out immediately after the conflict, while the de-mining in highly populated rural areas took until late 2009. Further, while the preservation of the national park borders have been integral for conservation and tourism, many returning refugees after the conflict as well as internally displaced persons were prevented from using the land and resources in or beside the national parks as a result. This illustrates how different priorities of peacebuilding may often compete with one another, making it difficult to identify and implement projects.

Political Framework

In post-conflict contexts, efforts to address issues related to democratization, good governance, institution building and human rights are often the responsibility of the incumbent government and civil society. Private sector actors tend to play less of a role in supporting these activities. Some private tour operators work together with their local government to identify vulnerable communities for projects. This supports information sharing and transparency between the tourism sector and the government. However, corruption has been identified as a problem that is becoming more prevalent in Rwanda because of competition over tourism revenue. For example, one nun was accused for financial mismanagement as she used donations given by tourists to an orphanage towards other purposes (Interview, Representative of the tourism sector, 2008). There is also the risk that a tour operator does not provide the community beneficiaries with a faire share of the tourism profits. Thus, despite government involvement in identifying vulnerable communities, the lack of accountability measures and maintenance of records of community tours make corruption likely. One way to combat this would be for the government-run ORTPN to help establish verifiable disbursement measures and record keeping processes for tourism companies to follow.

Conclusions and ways forward

As the Rwandan tourism sector is changing rapidly, there remain many opportunities for future engagement. However, in order to contribute more directly to peacebuilding, several elements need to be better developed.

Policy

Tourism companies should be more aware of the impact that their activities have on existing societal fractures

While many tourism companies in Rwanda advocate for environmental conservation and pro-poor tourism, few have established concrete corporate social responsibility policies that govern their practice. Moreover, in order to specifically support peacebuilding processes policies need to target the following: deep social divides, unequal land distribution, poverty, a distorted account of the past, and socially constructed ethnic identities. For example, it would be useful for companies to set up affirmative action policies that try to ensure that persons from different ethnicities, classes and geographical backgrounds have the opportunity to be trained and employed in tourism. Further, tourism companies should be more aware of the impact that their activities have on existing societal fractures. A code of conduct could help to guide tourism company practices, while highlighting opportunities to engage in peacebuilding and conflict sensitive activities. Existing tourism activities that target certain groups should be supported, but would benefit from carrying out an assessment that they are not only benefiting certain groups, but also segments of the population with the greatest need of assistance.

Cooperation

Tourism does not stand alone. Tourism companies can develop more independence from ORTPN whilst also contributing more to peacebuilding processes by engaging

with other actors and sectors. For example, instead of shying away from its conflict past, the tourism sector could make a concerted effort to mention its tragedies and move forward with developing a conflict-sensitive tourism strategy. This could be implemented at different levels, from conflict sensitive on-the-job training programmes, to cultural tours that provide awareness on the impacts of the genocide on daily lives, or cooperatives that promote reconciliation between former enemies. Cooperation with peace and conflict NGOs that have established training programmes could be useful in this respect.

Dialogue

Cross-sectoral dialogues between the government and the tourism industry could be useful to identify how local actors envisage tourism playing a role in peacebuilding, if any. Local ownership of such a development would be key to its success. This could involve the broader private sector in developing conflict-sensitive business practices. This would enable the private sector in general and the tourism sector in particular to get engaged in peacebuilding and post-conflict reconstruction in more than just a monetary way. While the involvement of the government has been key in the revitalization of tourism, this could lead, in the long term, to corruption and manipulation of the sector. The interdependence between the government and the tourism industry could be counterproductive to overarching peacebuilding goals. This is particularly the case if tourism is exploited as a marketing instrument to influence external actors into believing that the country is peaceful, stable and an ideal investment opportunity, while ignoring its actual problems. Thus processes that support a more independent tourism sector in Rwanda would help tourism development as a whole, and its ability to contribute to peacebuilding as a target goal.

This article has illustrated how despite only developing after the civil war and genocide, the tourism sector in Rwanda has established itself as a key sector which has the potential to play a greater role in supporting peacebuilding activities. It appears that there are more opportunities for tourism to contribute to Socio-Economic Foundations and Reconciliation and Justice, rather than Security or Political Frameworks. However despite positive contributions towards peacebuilding, tourism activities also have their limitations and their negative impacts. In order to contribute more directly and effectively, the Rwandan tourism sector has to identify the potentials and challenges of supporting peacebuilding activities and establish goals as part of its overall country strategy. As little research has been conducted on how tourism actors can support peacebuilding processes, additional case studies on this topic would be worthwhile for future comparisons.

The tourism sector in Rwanda has the potential to play a greater role in supporting peacebuilding activities

Despite positive contributions towards peacebuilding, tourism activities also have their limitations and their negative impacts

Notes:

1. This article is based on a working paper published by swisspeace, entitled 'The Role of Tourism in post-conflict peacebuilding in Rwanda'. Research for the working paper was carried out in Rwanda in June 2008 and was made possible through funding from the German Foundation for Peace Research / Deutsche Stiftung Friedensforschung (DSF).
2. 'Génocidaires' is the term used to describe people who are suspected of crimes of genocide.
3. The 2003 revised Constitution makes public references of ethnic identity illegal (article 33) and criminalizes 'ethnic divisionism' and 'trivializing genocide' (article 13). For more on the Constitution, see Thomson 2009. While the abolition of the identification of ethnicities is an attempt to erase old divisions and conflict lines, it also prevents the establishment of affirmative action policies that aim to target ethnicities that have been discriminated against or persecuted by former regimes. This poses limitations in accomplishing reconciliation within ethnicities in post-genocide Rwanda. For more on this topic, see: Reyntjens 2004.

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The role of oil mayors in supporting sustainable peace and development in Nigeria: the case of Royal Dutch Shell

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1. Introduction

In recent years, growing awareness of social and environmental injustice caused by irresponsible business behavior (Epstein, 1987; Matthews, Goodpaster, & Nash, 1985) has led to a declining legitimacy and trust (Lodge & Wilson, 2006) in corporations. Also, due to the historical role of oil in distorting Nigeria's political development and perpetuating its conflict, the involvement of the same companies in contributing to development and peace building is often viewed with cynicism.

Yet, in the light of global expansion and increased power¹ of multinational corporations (MNCs),² companies are also increasingly expected to (pro-) actively play a role as 'agents of world benefit' (Maak, 2009, p. 361). Analyses of managerial practice as well as of theoretical cross-disciplinary discourse reveal that business firms have already begun to become part of the solution. In this respect, business firms engage in private-public policy networks to contribute to the regulation of global issues (e.g., Reinicke, et al., 2000); play an important role in global governance (Risse, 2002; Wolf, 2005) and the production of global goods (Braithwaite & Drahos, 2000; Kaul, Conceição, Le Goulven, & Mendoza, 2003); take on activities that have been regarded as traditional government activities (Margolis & Walsh, 2003; Matten & Crane, 2005) or even assume a stake-like role to protect, enable and implement citizenship rights (Marshall, 1965); and commit to self-regulation and the definition of and adherence to ethical codes (Cragg, 2005) to fill gaps in legal regulation and moral orientation (Scherer & Smid, 2000). These developments are also acknowledged by recent theories on the preservation of peace³ (Dunfee & Fort, 2003; Fort & Schipani, 2004). For example, Banfield and Champain (2004) claim "by adopting a more conflict-sensitive approach in three key areas, foreign businesses can minimize harmful impacts and actively contribute to peace building, with bottom-line gains incurred for business in the process. These areas are: core business, social investment and policy dialogue" (Banfield & Champain, 2004, p. 5).

In order to shed light on current corporate practice in this area, this chapter will develop its case study by reviewing findings from the an extensive literature available

The involvement of the same companies in contributing to development and peace building is often viewed with cynicism

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on this topic and interviews with key representatives from civil society and Shell. The participants were promised confidentiality to encourage uninhibited responses.

2. Conflict in Nigeria: setting the scene

To grasp the transformation of the Niger delta into a space of insurgency Watts (2008) identifies a key number of processes. First, ethno-nationalism is a central force in a region of sixty or more ethnic groups and a powerful set of institutions of customary rule. This was central for example to both the Ogoni movement in the 1990s and to the Ijaw – the largest ethnic minorities in the Delta – since the establishment of the Ijaw Youth Congress in 1998. The exclusion from the oil wealth while suffering all the social and environmental costs of oil operations became central to the emergence of a new sort of youth politics in which a new generation of youth leaders took up the struggle.

The second dimension is the unwillingness and inability of the Nigerian state in its military and civilian guises to address this political mobilization in the Delta without resorting to state-imposed violence by an undisciplined military, police and security forces. In this sense the failure of the non-violent politics of the Ogoni movement left behind a generation of militants whose frustrations were further propelled by undisciplined violence of state security forces to secure ‘national oil assets’ even after return to civilian rule in 1999. Thus, the political mobilization of the youth turned from a sort of peaceful civic nationalism towards militancy.

Third, the militant groups and the rise of youth politics began to challenge both customary forms of chiefly power, and the corruption of the petro-state. While many militias draw substance from grievances due to exclusion and marginalization and unmet goals of peaceful struggle, others paradoxically got their start by being bankrolled by the state and politicians. For example, “the NDF and NPDVF were both fuelled by machine politicians during the notoriously corrupt 1999 and 2003 elections” (Watts, 2008a, p. 15).

And fourth, the existence and proliferation of oil theft or ‘oil bunkering’ provides a financial mechanism through which militants can finance their operations and attract recruits. The organization of the oil theft trade involves high ranking military, government official and merchants, draws upon the local militia to organize and protect the tapping of pipelines and the movement of barges through the creeks and ultimately offshore to large tankers.

The oil theft or ‘oil bunkering’ provides a financial mechanism through which militants can finance their operations

Fifth, corporate practice also contributes to an environment in which military activity was in effect encouraged and facilitated. Watts (2008) names for example the funding of youth groups as security forces, the willingness to use military and security forces against protestors and militants alike, and the corrupt practices of distributing rents to local community elites and the use of violent youth groups to ‘protect’ their facilities (Watts, 2008a, p. 16).

The analysis of the dimensions of the conflict in the Niger Delta has shown that corporate practice was essential to the dynamics of local violence and the escalation of insurgent activity. This has been acknowledged not only by several researchers⁴, but also by a consultancy hired by Shell. A report (which leaked in December 2003) concluded that the company itself “is part of the conflict dynamics [...] and corporate practices can lead to conflict” (WAC. 2003 cited in Watts, 2004). The report stated furthermore that the oil companies’ “social license to operate is significantly eroding” (ibid.). The Nigeria case highlights how the operations of oil can be generative not simply of conflict and violence but also of conditions in which human rights violations can occur.

This short description of the key processes allows fleshing out some key actors involved in the Niger Delta conflict:

Armed groups Movement for the Emancipation of the Niger Delta (MEND) Niger Delta Vigilante Niger Delta People's Volunteer Force Gangs and self-defense militias or 'Cults'	Non-violent movements and Civil Society Associations Movement for the Supervival of the Ogoni People (NOSOP) Ijaw Youth Council	Government Joint Task Force Political Parties and local state governors	Oil companies Private security companies 'Surveillance' contracts with local militias
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Source: own elaboration based on Stakeholder Democracy Network

Yet, in recent years, growing awareness of the general public and companies alike has led to an increasing engagement of MNCs in peace building and conflict prevention amongst others. Shell has been a forerunner in this field and started to implement an ambitious CSR program when faced with mounting community protest and violence and international pressure particularly after the Ogoni events in the Niger Delta in the mid 1990s..

3. Role of oil major Shell in peacebuilding in Nigeria

Shell has been active in Nigeria since 1936. When the company faced a reputational dent in 1995 over the Ogoni and the Brent Spar incidents, Shell has undertaken a serious review of its attitude and activities in the region and has carried out internal and external consultations about its practices in the region in line with the company's statement of General Business Principles, which it adopted in 1997. The principles focused on five major areas of responsibility to shareholders, customers, employees, business partners, and the society (the host communities) and on its economic, social and environmental responsibilities. In line with Shell's formulation of its three strategic areas – economic, social and environmental – we analyze in the next sections its impact on conflict prevention and peace building.

3.1. Profit: economic impact

Shell Petroleum Development Company's (SPDC) economic impact is important for both the company and the Nigerian government. In 2009, SPDC's operations contributed around 9% of Shell's global oil and gas production (Royal Dutch Shell, 2009, p. 22). As the leader of the petroleum industry in Nigeria SPDC has the largest acreage in the country from which it produces some 39 per cent of the nation's oil and contributed about \$36 billion in taxes and royalties to the Nigerian government in the period between 2005 and 2009 (Shell Nigeria, 2010a, p. 1). Furthermore, SPDC's operations have an important impact on the wider economy, employing around 6,000 staff and contractors from which about 95% of them are Nigerian, and approximately 20,000 indirect third party contractor staff. Additionally, 90% of the total number of contracts awarded by Shell companies in Nigeria (worth more than \$900 million) went to Nigerian companies (Shell Nigeria, 2010a).

Corporate practice was essential to the dynamics of local violence and the escalation of insurgent activity

Shell's economic impact is important for the Nigerian government

90% of the total number of contracts awarded by Shell companies in Nigeria went to Nigerian companies

Yet the oil industry has limited linkage (employment) effects. The oil sector usually accounts only between one and two percent of the workforce. Müller (2010) states that “this produces a ‘labor aristocracy’ and underemployment among the unskilled workforce” (Müller, 2010, p. 10) which is abundant in the Niger Delta. For example, the Niger Delta Regional Development Master Plan informs that adult literacy status of the Niger Delta States is around 78% (Federal Republic of Nigeria, 2006, p. 87). Consequently, workers are ‘imported’ from both abroad or non-‘host’ communities often belonging to another ethnic group, which is especially critical with regard to enhancing existing inter-community and -ethnic tensions. Also, expatriate workers of various sorts and host-country nationals are said to create an ‘apartheid’-like working and living environment prone to conflict (UNRISD, 2002) (Vitalis, 2002). Furthermore, Watts (2004) finds that “in other cases, the growth of boomtowns around oil compounds has produced the massive proliferation of prostitution and the sex trade which the oil industry has done nothing to regulate or control” (Watts, 2004, p. 18).

Shell has adopted a policy of appeasement that involves hiring youths to protect their pipelines from attacks

Also following the rise of armed and unemployed youth gangs in the Niger Delta, Shell has adopted a policy of appeasement that involves hiring youths to protect their pipelines and other facilities from attacks. The same applies to contracts for cleaning up oil spills. While the company sees this as a compliance with their stakeholder engagement and promise to provide employment to host communities, these ‘surveillance’ contracts essentially perpetuates the cycle of violence for two reasons. First, contracts are awarded to the youth groups to ‘protect’ the facilities from other youth gangs, which creates competition (and eventually conflict) over contracts among the different groups. Second, in a context of extreme poverty this system provides the wrong incentives in that it encourages the communities to ‘create’ work (i.e. incentivizes sabotage). Thus, the system has not only become a method of pay-offs for illegal action of vandalism or theft through a legitimized contract system, but also a ‘monetary’ mechanism for empowerment of some Shell-selected community members. This has essentially distorted established traditional power structures and contest over the new social and financial status of ‘contracted personnel’.⁵

Shell’s economic impact has not impacted on poverty or inequality levels. With a present average per capita income of US\$1160 (World Bank), Nigeria is one of the poorest countries in the world. In 1970 just before the oil boom, 19 million Nigerians lived below the poverty line. Nearly \$400 billion oil earnings later, 90 million or more Nigerians live in poverty (Sala-i-Martin & Subramanian, 2003, p. 4). The rate of poverty (\$1 a day) expanded from 28 percent in 1980 to 71 percent in 1999. Similarly, income inequality has risen and income disparities are quite high by international standards (Akanji, 2000). As poverty and conflict are often closely interconnected this is an important case in point.

Disputes over recognition and reward systems have resulted in civil unrest and increasing violence

Contrary to Shell’s intentions to contribute economic development and conflict prevention, disputes over recognition and reward systems have resulted in civil unrest and increasing violence to an extent that the company’s “social license to operate is significantly eroding” (WAC Global Services, 2003). The company has already acknowledged that these “cash payments – made to chiefs, politicians, youth groups – to secure the flow of oil (and hopefully some degree of stability) were to be abandoned” (Watts, 2004, p. 25). Yet, the accomplishment of this proposition and the impact of the company’s economic activity on local economic opportunities remain to be seen. In complex environment such as the Niger Delta the success will depend also on other issues such as corruption and state induced violence.⁶ Thus, an enabling environment is crucial to an effective approach to peace building.

3.2. People: social outcome

The most important contribution Shell companies in Nigeria make to society is through the monies they pay to the federal government – approximately \$36 billion in taxes and royalties from 2005-2008. In addition to these payments, in 2008 Shell companies and their partners administered over \$158.2 million (Shell share \$56.8 million) to the Niger Delta Development Commission (NDDC)⁷ as required by law. In the same year, the operations run by the SPDC contributed a further \$84 million (Shell share \$25.2 million) to community development (CD) projects. These promote and support small businesses, agriculture, skills training, education, healthcare, micro lending and capacity building (Royal Dutch Shell, 2009, p. 22). As a direct effort to peace-building Shell like other oil companies are paying a monthly contribution to the amnesty program run by the government.⁸

While in the past SPDC negotiated individual projects village by village, SPDC has recently introduced a new way of engaging with local people and built a significant CD team employing more developing specialists than the Nigerian government (Hertz, 2001, p. 174). The new model is based on agreements with groups of communities called Global Memoranda of Understanding, which are negotiated with the help of intermediaries or Community Liaison Officers (CLOs). CLOs also respond to community grievances, identify needs in a participatory process with the community and transmit community assistance proposals for the CD program to the company.

In a context of government marginalization and the fact that SPDC's presence in the Niger Delta precedes the formation of the nation-state, it is not surprising that the communities in the Niger Delta perceive SPDC as a proxy for government. To dispel community perceptions and to increase the effectiveness and legitimacy of their CD program, Shell increasingly started to partner with the government, international organizations and NGOs. With the government SPDC not only built a partnership with the NDDC but also provided further non-mandatory support in the provision of development infrastructure in the Niger Delta, developed technical and managerial capacity of NDDC's key staff, organized workshops for leaders at state and local government levels about governance and community development and aligned its community development plans with other oil companies (Jacoba Schouten, 2010, p. 221). As the potential of bringing benefits to all parties depends on transparency among other factors (Ite, 2006), Shell has embarked on another cooperation with the government: the Nigerian Extractive Industry Transparency Initiative (NEITI).

Shell in 1997 became the first among the oil multinationals to declare publicly its support for the Universal Declaration of Human Rights; and the company has addressed this issue in subsequent years in its report on the company's financial, social and environmental duties (Pegg, 1999, pp. 474-475). With regard to human rights and security, the 2010 SPDC report asserts that SPDC prioritizes the safety of its staff and supports the peaceful resolution of conflicts. Therefore, Shell and SPDC have implemented the Voluntary Principles on Security and Human Rights (VPs)⁹ in the operations in the Delta and also engage various government agencies (including the National Human Rights Commission), security authorities and other organizations on how the company can contribute to better implementing VPs in the country (Shell Nigeria, 2010c, p. 2).

In the area of conflict resolution and human rights, SPDC has also provided training to field-based contracted security personnel and supernumerary police assigned by the Nigeria Police Force to SPDC since 2007. The training's objective is to raise awareness of the Voluntary Principles and the obligations they establish, and to provide practical help in applying them. This program is run by the CLEEN Foundation,

Shell's economic impact has not impacted on poverty or inequality levels

Shell in 1997 became the first among the oil multinationals to declare publicly its support for the Universal Declaration of Human Rights

and endorsed by the Danish Institute for Human Rights. As of December 2009, 472 people have been trained. And in the period 2005-2009 around 3,300 SPDC staff and contractors had received similar training (Shell Nigeria, 2010c, p. 2).

The SPDC has also provided training to field-based contracted security personnel

Yet, Shell's CSR engagement has clearly come after the fact. With the event of Saro-Wiwa's execution, the plight of the Ogoni people was brought to the attention of the international community and contributed to spurring interest in the cause by many civil society organizations such as Human Rights Watch, Greenpeace, the Body Shop, and the UK's Channel 4 television (Zell, p.4 quoted in McLaren, 2000, p. 18). The internationalization of the Niger Delta crisis has forced the major key players – the Nigerian state and the MNCs – to review their attitudes towards the region's plight. Their response has been two-fold: both soft and hard. And both with essential shortcomings involved.

As outlined above, the soft-response involved the creation of a CSR agenda addressing developmental needs through agencies like the NDDC and direct intervention efforts in community development and social responsibility. Also dialogue has been established as an important strategy of community engagement. As described above, dialogue with communities takes place with local elders, youth groups and others that hold authority at the village level with the help of intermediaries or CLOs. CLOs are placed through their role in a powerful position, which has been misused not infrequently for personal gain. Furthermore, community members who have been excluded from this role have also heavily contested the CLOs new social and financial status.¹⁰

Yet, these efforts are often perceived as paltry when viewed against the backdrop of the economic benefits taken out of the region and the persisting poverty and violence. For example, in a memorandum presented by Shell to the Commission of Inquiry on the Warri crisis, the company stated that it has made modest efforts to address some of the demands of the Niger Delta people. In this line of thought even Shell's Corporate External Relations manager, Mr. Precious Omuku, stated that the company's contribution towards social services and infrastructure in the region's development could be likened to drops in the Ocean when the needs of the local people are juxtaposed with what the company makes out of the region in term of profits. He also confirmed that the company's community development interventions were concentrated in the municipal cities of Warri, Ughelli, Port Harcourt, Aba, Owerri and Bonny while the more remote swampy areas remained unchanged and untouched (Ojakorotu, 2008, p. 110).

These efforts are often perceived as paltry when viewed against the backdrop of the economic benefits taken out of the region

On the hard side, both MNC and the government "have continued, overtly and covertly, their militarization of the region under the guise of security, thus inflicting more violence on the Niger Delta people" (Ojakorotu, 2008, p. 115). Pegg (1999) reveals that the company has been implicated in a number of human rights violations in the Niger Delta since the 1997 declaration. For example, the author states that the company has not only been involved in incidents in which security forces attacked local communities in the Niger Delta but also in the purchase of weapons and the maintenance of its own police – known as the 'Shell-police' – in the region (Pegg, 1999: 475).

The current partnership approach is said to have had limited contribution to sustainable development to transforming the Niger Delta from an enclave at war to one at peace. First, Shola Omotola (2007) indicates that NDDC's underperforms essentially due to "the character of the Nigerian state, which remains predatory, rent-seeking, and above all, lacking in autonomy" (Shola Omotola, 2007). Second, Idemudia's analysis suggests that the positive impact

on host communities is essentially constrained by fact that “CD programs neither has had any real impact on how the core business activities of oil MNCs are undertaken or have they ameliorated the negative social and environmental impact of oil production on host communities” (Idemudia, 2007, p. 2). This is because stakeholder engagement seems to be rather motivated by risk management at the community level and the concern to be a good corporate citizen or philanthropy at the government level (and to ensure their social and economic license respectively) than to change its core practices and reduce its harmful externalities in the first place. Also International Alert finds that Shell’s “fundamental aim of building a good reputation distorted both its meaningful engagement with peace and development issues and the quality of its engagement with stakeholders. Peace building and sustainable development processes cannot be micro-managed” (Banfield & Champain, 2004, p. 20).

The Niger Delta is one of the world’s most severely petroleum-impacted ecosystems

3.3. Planet: environmental impact

Shell companies in Nigeria are officially committed to reduce any negative impact of their operations on the environment. SPDC has invested in projects to end flaring, to reduce spills from operational failures and has also taken action to protect biodiversity in the Niger Delta (Shell Nigeria, 2010b).

However, Friends of the Earth estimates that the amount of oil spilled by Shell in Nigeria in the past 50 years is almost five times the amount leaked by British Petroleum in the Gulf Coast so far (Real World Radio). Also, a study carried out by international and Nigerian environmental experts in 2006 stated that the Niger Delta is “one of the world’s most severely petroleum-impacted ecosystems” (Nigerian Conservation Foundation, WWF UK, International Union for Conservation of Nature, Commission on Environmental, & Environment, 2006). These facts are not new. The Niger Delta Environment Survey, already found in the 1990s, but never published, that:

“ [A]nalysis done in this study has shown the significant impact of oil production activities on the landscape of the Niger Delta. Many land use categories that were not there in 1960 increasingly gained prominence [...] e.g., dredged canals, flare sites, burrow pits, pipelines [...] The significant environmental impact of oil production activities is also highlighted by the emergence on the landscape of such land use categories as saltwater impacted forest, submerged mangrove, dredge spoil and open bare surfaces.”

Jonathan Amakiri, Executive Director, Niger Delta Environment Survey in (Amnesty International, 2009, p. 20).

It has been investigated that the damage from oil operations is chronic and cumulative

It has also been investigated that “the damage from oil operations is chronic and cumulative, and has acted synergistically with other sources of environmental stress to result in a severely impaired coastal ecosystem and compromised the livelihoods and health of the region’s impoverished residents” (Nigerian Conservation Foundation, et al., 2006). Likewise the UNDP 2006 report asserts that “for many people, this loss has been a direct route into poverty, as natural resources have traditionally been primary sources of sustenance” (UNDP, 2006).

However, responsibilities are very much disputed. While Shell claims to have reduced significantly its oil spills and attributes the majority of current oil spills to sabotage, many civil society organizations criticize corroded infrastructure and failure to clean up subsequent oil spills. Also, as previously mentioned, Shell has created an incentive mechanism encouraging sabotage, vandalism or theft through ‘surveillance’ or clean-up contract system.

The environmental predicament also contributes to social and economic deprivation

Further controversy causes Shell's neglect to disclose information that would contribute important information on oil leaks from its oil pipelines in the Niger Delta; even in a legal framework. Milieudefensie says that "the company's behavior shows that it is concealing information to avoid having to clean up its pollution and begin compensating the local communities" (Friends of the Earth Netherlands in (Real World Radio). Since 1958, when the first oil well was drilled at Oloibiri, many environmental problems related to oil operations have been reported. UNDP states in its 2006 report (UNDP, 2006) that the main problems are:

- Canalization destroying freshwater ecological systems
- Oil spills occurring accidentally or through sabotage by local people
- Gas leaks and flares producing hydrocarbons that effect the water organisms, biodiversity and is being emitted into the atmosphere (acid rain, global warming)
- Land subsidence
- Depletion of forest resources and biodiversity, canalization, and land subsidence are causing erosion

Environmental management issues are highly germane not only to any poverty reduction strategy but also to peace-management efforts

The environmental predicament also contributes to social and economic deprivation and is eventually a touchstone for grievances leading to conflict. "The issues at stake include rapid and uncontrolled urbanization, occupational changes, the loss of fishing grounds, the disappearance of livelihoods and land shortages, among others" (UNDP, 2006, pp. 80-81). Thus, environmental management issues are highly germane not only to development and to any poverty reduction strategy for the Niger Delta region but also to peace-management efforts, where nearly 60 per cent of the population depends on the natural environment living and non-living for their livelihoods (UNDP, 2006, p. 74).

4. Conclusion

In our case analysis we have outlined that the engagement at the micro or project level within SPDC's CD program has had no real impact on how the core business activities are undertaken nor have they ameliorated the negative social and environmental impact of oil production on host communities. Also International Alert finds that Shell's "fundamental aim of building a good reputation distorted both its meaningful engagement with peace and development issues and the quality of its engagement with stakeholders" (Banfield & Champain, 2004, p. 20). Thus, the environmental predicament is eventually a touchstone for grievances leading to conflict.

Persisting economic and social deprivation due to a lack of employment possibilities with oil companies and a loss of their livelihoods has important implications for conflict at the local and global level. Especially in the Niger Delta a deadly dynamic that surged from anger and fury about the exclusion from oil benefits is morphing into a huge international criminal enterprise challenging not only local governments but also global governance institutions in such areas as petroleum smuggling, illicit drugs trafficking, commercial fraud and identity theft. At the local level, the relatively small percentage of local people hired by oil companies in comparison to expatriates is perceived as unfair. Also, in a context of severe poverty the illegal trade of oil 'bunkering' and violence around governorship elections represent a new source of income and eventually a new step on the descent into generalized violence.

Our case analysis has also shown that Shell essentially stepped into a governance vacuum and started to deliver on social and economic rights that have been regarded as traditional government activities and commit to self-regulation to protect their 'social license to operate'. Yet, this step into the political sphere has

not been sufficiently integrated in theory and praxis and led to an ambiguity with regard to the company's role not only for the company itself but also for others. For example, in 1996, Philip Watts (chief executive of Shell in Nigeria from 1991-94) described Shell's identity as follows: "Shell companies are not just economic actors; nor can they be social activists however. Their role lies somewhere in between, as responsible, efficient and acceptable organizations acting on the changing world stage" (Mitchell, 1998). As a consequence, the company's attempt to balance between these two types of organization – economic and political – Shell's approach to peace building based on its triple bottom line is not only inconstant but also lacks integrity. With regard to communities, this ambiguity and lack of consistency has contributed essentially to conflict for two reasons. First, by delivering social and economic rights roles and responsibilities of the public and the private sector become fluid to the extent that communities perceive the oil companies as "the only government they know" (Chandler, 2000, pp. 7-8) with the consequence that communities started to target their demands directly to Shell. Yet, Shell's unilateral approach was problematic for several reasons: it further undermined government authority (Chandler, 2000, p. 16); the community development program was not effective due to Shell's insufficient expertise in development programs; Shell lacked legitimacy as it is formally only accountable to its shareholders; for Shell its politicized nature presented a significant business risk as community perceptions may become unmanageable and a dependency relationship may develop; and eventually unfulfilled promises and expectations only increased existing tensions and conflict. To address these inefficiencies, SPDC has signed partnerships with the United Nations Development Program (UNDP), USAID, and Africare amongst others. Notwithstanding, while the partnering approach served to pool complementary assets and ultimately enhanced the efficacy and legitimacy of Shell's CSR agenda, the Niger Delta paradox remains; "In fact, it is worse".¹¹

In sum, important changes will be required if there is to be lasting peace. Some of needs we have discussed - large- scale training programs and mass employment schemes, major infrastructure projects, and environmental rehabilitation – will require long-term commitment. The conflict around resource control – not as a matter of money but as a legal, constitutional and political project - will need to address issues such as corruption, the reform of the electoral commission, and transparency. "The oil companies must radically rethink by the same token what passes as responsible business practice" (Watts, 2008b, p. 19) and more effectively approach their dual role as economic and political actor in such a complex and conflict-prone setting.

Notes:

1. According to widely cited UNCTAD data, of the 100 largest economies in the world, 51 are corporations while only 49 are countries.
2. The term multinational corporation or MNC refers to an economic entity operating in more than one country or a cluster of economic entities operating in two or more countries – whatever their legal form, whether in their home country or country of activity, and whether taken individually or collectively.
3. Here we understand conflict prevention broadly including issues related to the structural drivers of conflict: inequitable economic development, poor governance, and neglect of human rights. (Banfield & Champain, 2004, p. 5).
4. Amongst others (Ikelegbe, 2005) and (Banfield & Champain, 2004).
5. Interview with a civil society leader.

Shell's approach to peace building based on its triple bottom line is not only inconstant but also lacks integrity

The conflict around resource control will need to address issues such as corruption and transparency

6. Stakeholder Democracy Networks claims that “It is one of the worst kept secrets in Bayelsa that armed youths are being gathered for the 2011 elections and that militant leaders are being openly co-opted into political camps” (SDN, 2010).
7. The NDDC was established in 2000 by an act of parliament to promote the sustainable development of the Niger Delta.
8. Interview with Shell representative.
9. A set of guidelines developed in 2000 by governments, extractive industry companies and human rights organizations.
10. Interview with a civil society leader.
11. Interview with a civil society leader.

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Part Four:

**Experiences and lessons
learned from companies**

Grupo ÉXITO and its care of the vulnerable population in Colombia

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Context

Given the problems of violence that the country is experiencing and the existence of one of the highest unemployment rates in Latin America, it is essential for private enterprise in Colombia to take on certain social commitments that bring it closer to the reality many people are facing in their personal and family lives.

Ever since it was founded 60 years ago, Grupo Éxito has been characterised by going beyond mere fulfilment of its business mission. Its founders injected a social sensibility into the enterprise that has been present throughout its entire history and is still part of the company's DNA today. Thus, in addition to fulfilling its business interests, it has adopted as its own the principles of sustainable development in the economic social and environmental spheres. This means that awareness is raised of the realities of its environment, since that is where the company's employees, their families and the clients that are the motive behind the company's growth and earnings reside. The company's social responsibility moves forward hand-in-hand with its achievements and with the response and image it has attained in the economic sphere.

Aware of this situation and consistent with the principles and values underlying the company, such as driving the progress of the community, service, respect for others and responsibility, Grupo Éxito reaches the most disadvantaged populations, providing support and somehow solutions to some of their needs.

Specifically, the issue of workplace inclusion of vulnerable populations seeks to provide training opportunities for work and workplace insertion to people that society marginalises because of their different characteristics, which have been acquired as a result of urban or rural violence, prejudices, discrimination, a lack of training or nutrition and the social and economic inequalities prevailing in the country.

Through this initiative, we are fostering the construction of more harmonious, equitable human and social relations, and our principle of action, with the support offered to the vulnerable population in matters of social inclusion and workplace

It is essential for private enterprise in Colombia to take on certain social commitments

training, is totally lacking in commercial or economic interests, image and marketing, and instead is grounded on a conviction and true desire to help a society mistreated by violence, the lack of opportunities and poverty.

Description of the Programme

Grupo Éxito reaches the most disadvantaged populations, providing support and somehow solutions to some of their needs

The Workplace Insertion and Training Programme to Employ the Vulnerable Population tends to:

- Displaced persons
- Disabled persons
- Mothers who are heads of households
- Reinserted persons
- Victims of violence

In order to conduct the Workplace Insertion programme:

- We have the support of upper management and the different departments and businesses within the company, which enables us to make this project come to fruition in the business areas they manage. Plus, we also have equal-opportunity hiring and compensation policies for the people in the programme.

- Spaces of contextualisation, awareness-raising and education for change are provided for both the leaders and all the employees of the organisation.

- We have consolidated a network of allies nationwide which support us and facilitate the development of this initiative, such as the ACR (High Council on Reinsertion), the programme of the Presidency of the Republic, SENA (National Learning Service), the Care for Displaced Persons and Victims offices, as well as foundations that care for and deal with disabled persons, among others.

In Workplace Training:

This policy has the support of upper management and the different departments within the company

- We sponsor educational areas in technical specialities with a high impact and high employability in our society for people in situations of vulnerability, the targets of our support.

- We organise technical training plans in conjunction with SENA, a highly prestigious training institution with a great deal of credibility covering the entire country and boasting modern infrastructures, for high-level technical training for competitiveness.

- We allow the warehouse spaces to be used as practice sites for the members of the programme, enabling them to develop skills in alignment with the business' needs (sales orientation, service, technical or specific skills, etc.) in real spaces with real clients and in real situations. In this way, we contribute to the true incorporation of the learning concepts and help to boost participants' self-esteem and self-confidence which they need to handle situations and audiences which used to be off-limits to them.

Activities or actions conducted

- Description of job profiles
- Analysis of jobs
- Risk analysis
- Selection of candidates
- Job preparation and training

- Induction and training
- Mentoring, advice and ongoing monitoring for each participant
- Personalised, ongoing professional assessment along with the allies in the network

Results

Even though the social responsibility component has been deeply embedded in the organisation from the outset, since 2006 we have been working directly with this Workplace Inclusion Programme for the Vulnerable Population. The figures on beneficiaries until 2009 are as follows:

TYPE OF POPULATION	NUMBER OF PEOPLE
Reinserted persons from the armed conflict / People with illegal status due to criminal deeds	263
Disabled persons	182
Situation of extreme poverty (displaced persons, victims and mothers who are heads of households)	34
TOTAL	479

In addition to the figures above (which will be higher by late 2010), we can note that these people, who thought they had no further opportunities, have achieved the following:

- Demonstrated their commitment to the company and the opportunity they have received
- Learned study and work habits and discipline
- Learned and accepted rules, regulations and commitments
- Generated keen awareness of respect for others
- Were able to dream and believe that there are better opportunities out there, so they cherish a steadfast desire to secure a stable job in line with the training they have received, which in turn enables them to keep living decently with their families and ensure them a better future.

Additionally, it is calculated that the programme managed to indirectly impacts 1,300 people, given that in Colombia the average family size is four and that the beneficiaries are mainly heads of households (father, mother, children).

Today Grupo Éxito is a very prominent benchmark of action for companies in Colombia in the practice of workplace inclusion, as it has remained constant and firm in its goal of supporting the vulnerable population in a steadfast, disinterested and authentic way and with the absolute conviction that this is one of the best pathways for making contributions to the peace processes in a society that has, in turn, given us its all.

We allow the warehouse spaces to be used as practice sites for the members of the programme

The Company helps to boost participants' self-esteem and self-confidence through mentoring for each participant

It is calculated that the programme managed to indirectly impacts 1,300 people

‘MI LLAVE’, a social integration initiative to generate productive opportunities

Jorge Silva Luján, General Manager of Microsoft Colombia, Bogotá

Introducción

MI LLAVE is one of the initiatives supported by Microsoft in Colombia as part of its Corporate Social Responsibility (CSR) programmes through the alliance established since 2006 with Trust for The Americas (a corporation of the OAS) and the High Council for Reintegration (ACR) of the Presidency of the Republic.

MI LLAVE seeks to offer social and economic opportunities to people in the process of reintegration into civilian life, individuals affected by forced displacement and, in general, the entire community affected by violence. By creating Community Technology Centres, the programme offers free training in ICTs (information and communication technologies) as a tool to generate workplace and productive capacities. The programme also has a socio-cultural management component that aims to support integration into society and the development of participants' interpersonal and citizenship skills.

This kind of training ensures that the beneficiaries not only acquire technical knowledge that will open up the doors to jobs or entrepreneurship projects but also receive holistic training as people capable of reintegrating into society through values training. After all, beyond capable, prepared people, the project stresses the need to forge human qualities so that true social change can take place.

MI LLAVE has 11 centres in different cities around Colombia, all of which have been affected by the conflict, like Valledupar, Montería, Barrancabermeja, Buenaventura, Ibagué, Tierralta, Barranquilla, Cartagena, Villavicencio, Santa Marta, Apartadó and Medellín. The MI LLAVE centres are set up in alliance with different local partners, which are charged with managing and operating them. These partners include universities, educational institutions and different kinds of NGOs.

The programme also has an important component consisting of supporting the construction of capacities for local allied organisations, which allows the centres to become sustainable projects in the long term where local companies can also participate by supporting the workplace insertion of the participants in MI LLAVE. To achieve this, meetings have been held in a quest to get local companies and the local productive sector involved by explaining to them what the project is about and exploring possible alliances and opportunities for creating jobs, associative units or micro-entrepreneurship and productivity actions that can benefit the participants.

MI LLAVE seeks to offer social and economic opportunities to people in the process of reintegration into civilian life and individuals affected by forced displacement

Support for peace-building

Microsoft's worldwide commitment is to train people, businesses and organisations so that they may reach their maximum potential through technology. This commitment extends to support for initiatives that seek to lessen the digital divide and offer opportunities to the most vulnerable communities. In Colombia, Microsoft is aware of its commitment to the country and the contributions its actions can make to building peace as one of the most important challenges in advancing towards development and equality.

In Colombia, Microsoft is aware of its commitment to the country and the contributions its actions can make to building peace

In addition to being in alignment with the specific social needs of Colombia, Microsoft also takes into account the priorities established worldwide in initiatives like the United Nations' Millennium Development Goals and the Global Compact when choosing and implementing its social responsibility programmes. Regarding the Millennium Development Goals, MI LLAVE helps to achieve goal #1, seeking to eradicate extreme poverty and hunger by generating productive jobs for everyone, as well as goal #8, which seeks to forge global alliances for development through cooperation with the private sector by making the benefits of the new information and communication technologies widely available.

In this project, technology is a powerful tool that enables former combatants, displaced persons and the community at large to glimpse a different future full of possibilities. The MI LLAVE centres offer the community firsthand access to technology through training sessions, while skills are also developed that open up new job opportunities and better quality of life. The centres are open to the community at large, and people who do not have the opportunity to access these training opportunities can benefit from them.

Thousands of people have benefitted from the MI LLAVE project. Since 2007, more than 3,000 people have received training and over 50,000 have gotten access to computers and the Internet at the different centres located all over the country. However, the impact of the programme translates not only into numbers but also into the skills that the participants acquire, and the subsequent jobs and training that they can access when they are finished with the training they receive during their time in the programme. To date, 12% of the participants have landed a job after having completed their training at MI LLAVE.

Since 2007, more than 3,000 people have received training and over 50,000 have gotten access to computers

But all told the greatest impact of the programme consists of building a true sense of "community" in the places where the programme is run. The cities where the MI LLAVE centres operate were painstakingly chosen bearing in mind the status of the conflict, the concentration of the target population and the existence of strong local partners capable of successfully executing it. This is how the initiative has managed to get people who used to be on opposing sides in the conflict and natural enemies to sit down next to each other today at the MI LLAVE centres to learn about a world full of opportunities made possible by technology, and to seek a different future, enabling them to interact and support each other in an atmosphere of peace and harmony.

The power of alliances

The MI LLAVE programme recognises that the problems that the demobilised and displaced population is facing cannot be resolved by a single organisation. It is necessary to set up alliances that offer communities alternatives and create opportunities for improving their quality of life and personal development. For this reason, Microsoft focuses on joint efforts with NGOs, the private sector and the

public sector, in addition to coordination with local partners so that efforts can be joined based on the strengths of each stakeholder, which in turn enables a better country to be built for everyone.

Alliances make it possible to align resources and capacities when implementing the project. Thus, Microsoft has participated with contributions of money, software and training courses, while Trust for The Americas is charged with administering and implementing the project with its expertise in managing social projects, choosing local partners and institutional training and strengthening. The ACR, in turn, has provided funds, training and its knowledge on the Colombian armed conflict.

Likewise, alliances with local partners are a fundamental part of the success of the project, ensuring its sustainability and offering access to technology to a broader swath of the population, bearing their specific needs in mind. These organisations provide the alliance with the equipment, funds and knowledge to offer comprehensive training and encourage the local community to appropriate the programme.

Additional alliances with different sectors have also provided support for the project, including the alliance with RCN, a Colombian television station that has sponsored the filming of several videos to raise awareness of the project among the community.

The mobilisation of different actors makes this project a model worth following by other companies and organisations that want to contribute to the country's development. The alignment of the different allies' objectives, knowledge of each one's strengths and their commitment to providing solutions to the armed conflict in Colombia and to generating opportunities for the most vulnerable populations have made MI LLAVE a viable, successful project.

Alliances make it possible to align resources and capacities when implementing the project

The mobilisation of different actors makes this project a model worth following by other companies

Suggested resources

<<http://www.microsoft.com/localimpactmap>>
<www.millave.net>

Heineken's healthcare provisions in complex environments*

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The worrying global healthcare situation needs to be taken into account by the private sector when setting up a business strategy for working in developing or post-conflict countries. What does this mean for private sector decision making on healthcare provision, for its boundary setting and for its communication strategy? This article describes the global increase of chronic and infectious diseases as well as Heineken's healthcare strategy in complex developing and post-conflict environments.

The global healthcare situation needs to be taken into account by the private sector

The global health burden

Chronic and infectious diseases spread through the world with enormous magnitude and speed. Chronic or non-communicable diseases such as cardiovascular disease, cancer, chronic respiratory disease and diabetes account for over half of the health problems in developing countries and almost 80% of the health burden in high-income countries. Infectious or communicable diseases such as HIV/AIDS, malaria and tuberculosis are the main burden in developing countries and to a lesser extent in the developed world (Suhrcke, et al. 2006; WHO 2008). All studies on the impact of healthcare on micro, meso and macro levels reveal the global burden of diseases as a major challenge for world society. Africa is hit hardest (WHO 2008).

Several researchers have produced negative forecasts for the private sector. In Gupta's report, entitled *How Business Can Combat Global Disease* (2003), the authors not only highlight the effects, but also the role that businesses need to play; "Multinationals are directly affected by the global epidemic. It can't be controlled without them". This statement calls upon corporations to take some responsibility in sharing the global burden of diseases. The essence of corporate involvement is approached from the ethical, deontological idea that one should use the means at one's disposal to do good. Gupta refers to the fact that corporations could provide intellectual property, marketing skills and public relations channels, pharmaceutical development, distribution and project management. In addition to these in-kind donations, multinational corporations also provide natural platforms where large target audiences can be assembled and addressed. The workplace can provide a critical access point for health care, prevention messages and treatment clinics. As

* The following chapter is a shortened and revised chapter from the book: Louche C., Idowu, S O. and W L Filho. eds. *Innovative Corporate Social Responsibility: From risk management to value creation*. Greenleaf Publishing, London. 2010

an extension to the workplace, families of workers could be reached by organising special family days or communicating directly with the family. Although the trend of corporations outsourcing workers is growing rapidly, the possibilities of reaching communities via corporations remains a very attractive one for healthcare workers.

The workplace
can provide
a critical
access point
for health care

However, most corporations are not collaborating with healthcare workers or opening up their doors to them. The reasons vary. Gupta (2003) regards the passive position of managers towards healthcare workers as the result of managers being unaware of the impact that their companies could have on the public health sector. He accuses managers of, on the one hand, myopically trying to pursue the benefits of globalisation, while on the other hand not accepting any responsibility for helping to manage the global health crisis. Being an actor in the global markets implicitly means a moral, strategic and financial responsibility in combating global diseases. This insight is based on the assumption of long-term company strategies and visionary management. However, the performance management systems found in most corporations today lead to priority setting by managers based on targets that rarely exceed 3-year periods. Managers 'rotate' jobs within companies at such a high speed (more than 3 or 4 years at one function is becoming less and less common) that, in combination with the bonus-performance structure and related evaluation systems, a manager is hardly ever called upon to put any time or effort into disparate programmes such as contributing to disease control activities. Moreover, managers do not get the time to develop the necessary expertise that enables them to deal appropriately with non-core business matters.

The impact of global epidemics on the private sector is increasing dramatically, correlating with the expansion of the private sector into the developing world. This is particularly necessary in conflict and post-conflict environments where concrete healthcare provisions are needed for a wide range of population affected -both physically and psychologically- by weapons, mines or other human rights violations. The private sector, at least if it is to survive, cannot get away from a certain level of reaction and responsibility. There is a growing awareness among global actors that dealing with global social misery is everyone's responsibility.

Heineken's healthcare strategy: motivators and boundaries

The impact
of global
epidemics on
the private
sector is
increasing
dramatically

Dutch beer brewer Heineken has the widest global presence of all international brewers, with 125 breweries in more than 70 countries, and employing over 65,000 people worldwide. With total sales of over 150 million hectolitres in 2008, Heineken is also among the largest brewers in the world. Heineken has a long history of operating in many sub-Saharan countries such as the two Congos, Rwanda, Burundi, Nigeria and Sierra Leone, all of them countries that were affected by an armed conflict in the last decades or are still at war. In these sub-Saharan countries, the public healthcare system deteriorated rapidly during the two decades following decolonisation and because of the armed conflicts. Currently the public healthcare system is very limited. Heineken runs its own clinics with a staff of doctors, nurses, lab technicians, midwives and pharmacists. Heineken employees and their family members are entitled to various types of health care, ranging from treatment of work-related illnesses and accidents, to treatment of complex diseases such as malaria, tuberculosis and HIV/AIDS (Van der Borgh et al. 2006). In sub-Saharan Africa alone, almost 35,000 people have access to the services offered by Heineken. Healthcare has grown into an HR benefit and increasingly a key priority on Heineken's global Corporate Responsibility agenda. The motivators for starting up the

healthcare system differ from current motivation for maintaining the system. The boundaries of the healthcare system are constantly in need of review, based on various stakeholder and social issues.

Heineken's motivations

So why is Heineken offering healthcare to employees and families? If labour is cheap and abundant, one could cynically argue that there is no economic need for healthcare provision. Is Heineken, then, a unique company in which managers conduct business according to high ethical standards? Motivations and intentions, and their status are, to say the least, complex subjects in the fields of psychology, ethics and management. There are usually several possible motivations and intentions involved when making a decision. Collection of suitable evidence and conclusive testing to determine which motivations were actually involved can be difficult or even impossible. Post-event questionnaires and interviews of players can be unreliable, as the players tend to rationalise what actually happened after the decision. This is particularly the case when the test of time has shown that decisions have been questionable, and has led to attack or criticism. Even pre-event views are not completely reliable. In our approach, we can do little more than put forward a few hypotheses supported by some preliminary evidence taken from the work experience of the author of this article, who has spent eight years in the Heineken Health Affairs Department, combined with interviews (Rijckborst 2007a) and analysis of speeches at a Heineken Health Symposium in 2007 (Rijckborst 2007b; Van Boxtmeer 2007).

At the most general level, Heineken's social strategy is related to the Universal Declaration of Human Rights. Through the Global Compact as well as the Millennium Development Goals, the United Nations has emphasised that business has a role in promoting human rights, and that this role is particularly important in countries with limited state capacity to ensure human rights. The duties for the companies are, however, not completely clear, and mechanisms to enforce them are not in place. The national regulations of developing countries have hardly any laws concerning this, at least not in such a way as to make them clear to the business community. There is also a lack of auditing compliance with the law. In most developing countries, Heineken follows better practices and has stronger policies¹ than what is set down in the legal and regulatory environment. In particular, it gives formal rights to employees and their dependants on healthcare support, as part of the employee remuneration package. However, it is unclear just how far this right to healthcare extends, since the policies are based on global outlines that can be adapted locally.

A company's motivation for going beyond national standards and actually contributing to the expansion of human rights might lie in their focusing on business opportunities and risks, then gaining competitive advantage and thereby accessing international capital markets. Despite extensive research on the connections between corporate social performance and corporate financial performance (Allouche and Laroche 2005; Griffin and Mahon 1997; Margolis and Walsh 2003; Orlitzky, et al. 2003; Roman, et al. 1999) the conclusions reached do not go much further than the fact that corporate social performance has a positive impact on corporate financial performance, but that this positive impact largely depends on geographical area and the type, disclosure and theme of the social action. In the case of healthcare provision by corporations, opportunities could include the reduced costs of replacing people who are off sick, training new people, hospitalisation fees, funerals, alternative doctors and many other costs involved when no action is taken. The reason for offering an in-house healthcare service might also be to avoid absenteeism due to long hours spent waiting at the national health doctor, counsellor or pharmacist.

Heineken employees and their family members are entitled to various types of health care

Why is Heineken offering healthcare to employees and families?

It is unclear
just how far
this right to
healthcare
extends

But apart from the instrumental considerations, was Heineken driven by any ethical considerations? A distinction can be made between starting up and continuing a healthcare system. Instrumental considerations seem to become prevalent when one needs to defend existing healthcare provisions. But at the start, Heineken's expatriates in sub-Saharan countries simply felt that peace of mind was impossible when they had such enormous healthcare advantages compared to the local staff (Rijckborst 2007a). Heineken's managers saw the company at that time as morally responsible for delivering a minimal set of living standards to employees. These feelings and perceptions arose from moral considerations grounded in a number of ethical principles and theories. Thus, from a deontological perspective, they based their decisions on the ethical responsibility or obligation to 'do what is right, just and fair and avoid harm'. According to Doctor Rijckborst,² this moral duty argument for providing healthcare had been the main basis for starting clinics in Africa in the late 1980s. This initial reaction coincides with the view held by some proponents of the stakeholder theory of the firm (Evan 1983) who have insisted on the need to take stakeholders as ends in themselves rather than merely as means.

Heineken
based its
decision on
the ethical
responsibility
to 'do what is
right, just and
fair and avoid
harm'

Although it does not seem that Heineken managers formulated the idea in this way initially, it needs to be considered whether utilitarian ethics also played a role. If this is the case, providing healthcare for employees in emerging countries would be the alternative that maximised utility, i.e. which provided most welfare for most people, regardless of costs and difficulties. The problem in taking ethical utilitarianism as the basis of the initial decision to start up an in-house healthcare service is that it might lead to questioning why Heineken does not do more to increase the social welfare of more people, beyond employees and their families, in the areas where it operates, or even beyond that. In his public speeches, Heineken CEO Jean-Francois van Boxmeer (Van Boxmeer 2007) showed acute awareness of the problem of limitations, which mainly came about through fear of intruding governmental competencies, the impossibility for a single company to tackle the immensity of the health problem in a whole country, and possible conflict with fiduciary responsibilities towards shareholders. In other words, one needs to take into account the environment of constraints in which actions take place; i.e. how other stakeholders would be affected if Heineken went too far, how much they would be willing to accept, and where one can really be effective in one's efforts.

Indeed, Heineken's managers did realise that they could engage in healthcare issues in the community, beyond employees and their families, but that this could best be done through partnerships with NGOs and governments. They also announced generous community healthcare support by Heineken through the Health Insurance Fund, a foundation that provides private health insurance to low-income groups in sub-Saharan Africa.³

In the next section we will look at the consequences in the economic sphere which, after the initial considerations, currently set the tone for decision-making on healthcare in newly acquired Heineken operations. One can start by setting up clinics from a moral or ethical standpoint, but a business cannot run a full strategy of healthcare in developing countries based on ethical considerations alone.

Boundary questions

Medical science and technology, expansion of multinationals in developing countries and increased communication and information technology have driven Heineken into questions about the limitations of the health care it should provide and how the boundaries are to be determined. How far do the responsibilities of a company with respect to its own employees stretch? Does this include their

dependents, families or extended families? Or does responsibility go beyond the employee and his/her family? Does the level of locally available public care set the standard? Does a budget made available to an individual or collective indicate the boundary? And who establishes that budget; or should the level of care that has been established over time be sustained? In the past, local management's actions towards their employees were based on best knowledge and a sense of enlightened paternalism. Local doctors also contributed to this development. They concentrated on the patients' interests rather than on anything else (finance/budgets). Medical provision gradually grew over the years. Developments in medical science as well as in patient access to information (mainly via the Internet) also played a part. A Heineken nurse in Congo made this obvious to Heineken's headquarters by asking for an IVF fertility consultation (In Vitro Fertilisation) in Amsterdam as she had read on Internet that it was free. A Human Resources manager in Eastern Europe asked for HIV/AIDS medication for an HIV positive colleague, as she understood Heineken was treating patients for AIDS in sub-Saharan Africa. Rapid access to local information on a global scale consequently means Heineken is continuously reconsidering the boundaries of the care it provides (Van der Borgh et al. 2006).

One needs to take into account how other stakeholders would be affected if Heineken went too far

Even before taking economics into account, managers need to evaluate the social costs and benefits of decisions for society overall and for the different stakeholders in particular. This does not contradict the ideal of impartiality that is at the basis of duty-based ethics. According to this ideal, our own kin, and those closest to us, should not take precedence over unrelated and unknown third parties. Anything we see as ethically correct should be applied equally to all situations without discrimination. However, does the ethical demand for impartiality and universality make it Heineken's duty to expand its own healthcare programmes to non-employees, beyond family members? Is partiality towards one's own employees and their immediate families ethically justified? There are critics of impartialism who claim that we cannot be impartial in every aspect of life; that often the ethical thing to do as an individual is first to take care of those closest to you, i.e. your parents, spouse, children, friends. They contrapose two types of moral language, each with its own sphere (Walzer 1994), the thin language of impartiality and a thick language of partiality. From a company perspective, giving preference to one's employees can be understood as thick morality. However, according to utilitarian ethics it is also possible to find an impartial justification for partial preferences.

Heineken is continuously reconsidering the boundaries of the care it provides

Conclusions

Firstly, by studying this case we have seen that there are ethical motivators at the start of healthcare programmes in the developing world, and that these are to be found in a deontological ethics perspective and much more than in a utilitarian ethics perspective. However, the utilitarian ethics perspective comes to play an important role in dealing with issues that arise once the healthcare programmes start, and once one needs to deal with boundary questions. From this perspective it could be argued that privileging one's own employees and their families is not necessarily against the ethical ideal of impartiality. A company facing constraints and uncertainty of consequences should be focusing on the alternative that produces the best outcomes in terms of benefits for society overall, encouraging other actors to face up to their own responsibilities.

Secondly, we have seen that the impact of global epidemics on the private sector is growing dramatically, in correlation with the expansion of the private sector into the developing world and existing healthcare provision possibilities in the developed world. The impact of the burden of chronic diseases on the private sector is also increasingly alarming, correlating with the behaviour and expenditure patterns of

workforces, and the increasing technical possibilities in healthcare. The private sector, at least if it is to survive, cannot escape certain reactions and responsibilities. In a context of post-conflict, the private sector's provision of health care contributes to stability and development.

The private sector's provision of health care contributes to stability and development.

Notes

1. Heineken adheres to the OECD guidelines, the Global Reporting Initiative (GRI) reporting guidelines, the Millennium Development Goals and the Global Business Coalition objectives amongst other standards. As well as all external guidelines, Heineken has set up a number of policies that are compulsory for all consolidated Heineken plants worldwide. These include the HIV/AIDS policy, the Business Code of Conduct, the Promotion Girls Policy and – not yet endorsed – medical principles. All these internal documents have a direct relation to the provision of healthcare.
2. Dr Rijckborst MD was international medical advisor for Heineken International from 1986 to 2007 and was responsible for defining a healthcare strategy at Heineken Headquarters and for building an infrastructure that provides healthcare for employees and families in sub-Saharan Africa. He also integrated healthcare strategy into the company's business strategy.
3. The Health Insurance Fund is a foundation that provides private health insurance to low-income groups in sub-Saharan Africa. The insurance covers quality basic health care including treatment for HIV/AIDS. <<http://www.hifund.eu/index2.php>>.

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Today many companies have adopted human rights policies and are accountable to them, yet so far only a few have taken the specificity of operating in conflict or post-conflict environments into account in their corporate social responsibility (CSR) policies.

The role of business in peace-building, ranging from its role as an economic actor (providing employment and entrepreneurial opportunities) to its contribution to reconciliation or explicit support for the peace negotiations, reinforces the idea that companies, through their CSR policy, have great potential to encourage peace within its sphere of influence. This book offers not only reflections on the role of business in peace-building but also provides significant examples of business practice in this area.

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